



# MOSSSEL BAY MUNICIPALITY



## 2017-2018 Annual Report



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## **VISION, MISSION AND VALUES**

### **VISION**

We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

### **MISSION**

- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

### **VALUES**

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride
- Service excellence
- Integrity
- Loyalty
- Accountability



## **CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY**

### **COMPONENT A**

It is with great pleasure that I introduce the 2017/2018 Annual Report of Mossel Bay Municipality. In terms of Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act, No 56 of 2003, the Municipality must prepare an Annual Report for each financial year, which must be tabled by the Executive Mayor within seven months after the end of each financial year.

The Annual Report is one of the highly reputable tools of government and in terms of accountability, to assess the effectiveness of the Municipality and the impact it has on the community/residents. It also gives an overview of the state of financial affairs of the Municipality and the administrative and governance maturity levels of the institution.

This Annual Report is the second of my term as the Executive Mayor of Mossel Bay Municipality and we continue to strive for greatness and fulfil our vision of being a trendsetting and dynamic Municipality, which has achieved excellent levels of service delivery as well as financial and political stability throughout.

However, it has not been an easy task. The Municipality again had to cope with the frustrations and everchanging needs and demands of communities, which we sometimes have no control over. These unrealistic expectations and demands, frustration and limited resources negatively impacts the standards of service delivery.

Mossel Bay was not spared, and we have also experienced a spate of service delivery protests. Several related incidents were reported across our municipal jurisdiction in the 2017/2018 financial year. These were diffused effectively through swift response and action to address the plight of the residents. Vandalism, escalating crime and the increasing unemployment rate as well as the various social ills are still some of the biggest challenges we face.

The Municipality is aware that realistically basic services cannot be rendered in a sustainable manner nor can infrastructure such as roads and electricity, water and sewerage networks be maintained unless rates and taxes are paid consistently. The Municipality therefore acknowledges that its successes and achievements are not only a testimony of our efforts, but also the selfless contributions made by all our stakeholders through funding support, local businesses and the residents through participation in municipal processes and in being loyal in meeting their municipal obligations despite the difficult economic climate.

These variables impact significantly on the dignity and livelihood of citizens, therefore the Municipality is committed to making an unprecedented effort to deliver on its socio-economic mandate. Above all, we always strive to deliver quality and effective services to all, under any circumstances and we go above and beyond our normal duty to provide basic serves to all residents.



The Municipality has managed to adequately meet the demand for basic services to all residents and has performed well with the acceleration of its infrastructure development programme. The Municipality has managed to successfully execute its capital programme with a total expenditure of R 137 836 428, which constitutes 90.1 % of the total capital budget which is on par with the 90 %-expenditure target.

I am proud to announce that the Municipality has managed to collect 98.4% of all revenue budgeted for the 2017/2018 financial year. I would therefore like to thank the ratepayers in Mossel Bay for their good payment culture prevalent, despite the difficult economic times. I would also like to thank our Councillors as well as Ward Committees for their continued contribution towards instilling a culture of good payment in our community.

Despite the changing factors with regards to the Finance Department, I can proudly say that the structure remained fairly stable through this transition period with the Acting Chief Financial Officers Mr Louis Fourie, who was seconded from George Municipality, and later Mr Kobus Bruwer at the helm. Despite many challenges and an extensive selection process, I would like to congratulate and welcome Mr Dawood Asmal, Chief Financial Officer (CFO) of Mossel Bay Municipality. He brings a wealth of experience and knowledge, which will surely benefit our institution and operations. The efficiency and transparency of our finance department and administration surely contributed to Mossel Bay being awarded the Most financially sustainable Municipality in South Africa by an independent monitoring agency.

The Municipality, guided by its Long-term Financial Plan, continued to practice good and responsible financial management and once more ended the year in a sound financial position.

The Municipality tabled and approved a credible, compliant and user-friendly IDP for the year under review. The Executive Mayoral Committee Members attended all the IDP meetings, which has led to a much better understanding of the needs and burning issues of our community. This is in line with the focus of Council to better communicate with the community. The IDP and 2018/2019 budget therefore reflect and prioritise the needs and aspirations of all our communities and laid the foundations for inclusive economic growth through the implementation of a balanced infrastructure programme and socio-economic development projects.

Basic service delivery standards and levels have been sustained with all formal and informal households having access to clean water, sanitation services and refuse removal. The backlogs for electricity connections are only prevalent in informal settlements. These backlogs are gradually phased out through the Municipality's Human Settlement Delivery Plan, as well as through special electrification projects funded by the Department of Energy. The Municipality is also in the process of finalising the replacement of all old water meters with new digital meters for a more accurate readings and billing, which will enhance revenue.

We continue with our efforts to successfully relocate the Powertown community to Sonskynvallei and although it seems challenging, I remain positive that the project will be successful and ultimately to the benefit of both communities. Thank you to each and every stakeholder and roleplayer who is assisting us in this regard.

Some of the main Human Settlements Projects to be highlighted in the 2017/2018 financial year include:

- The completion of 154 top structures of the Herbertsdale Housing Project.
- The infill top structures on the KwaNonqaba PHP Project.
- The continuation of the planning of the upgrading of 18 informal settlements and the establishment of Beneficiary Liaison Committees for all the informal settlement areas.
- The ongoing planning of the mixed housing development in the Louis Fourie Road Corridor area comprising of approximately 1 200 housing opportunities.



The Municipality proved its continued commitment and willingness to help the poorest of the poor and to alleviate poverty across all communities through the adoption of the following policy resolutions that were passed in the 2017/2018 financial year:

- That residential properties with a value of R81 000 or less be classified as indigent and that such households be entitled to all indigent subsidies.
- In the case where the value of a residential property exceeds R81 000, but the household total monthly income does not exceed R3 200 or R6 400 (two Sassa grants), households can apply for an indigent or poor household subsidy.

These policy directives are just another way in which the Municipality reaches out to the vulnerable and needy. For the 2017/2018 financial year 12 212 households received indigent support. Indigent households continued to receive 50 kWh of free electricity and 6kl of free water. Up until 30 June 2018, all other households continued receiving 20 kWh of free electricity. The Municipality also maintained the discounts on property rates and sewerage charges applicable to pensioners only.

In an effort to create employment opportunities and bring some relief to communities, the Municipality is driving the national Community Works Programme (CWP). Towards the end of the financial year, there were more than 480 participants with more than 170 applicants awaiting approval. I would like to thank all the roleplayers and the community for participating in the programme.

Capital expenditure took place as follows in the 2017/2018 financial year:

|                                   |               |
|-----------------------------------|---------------|
| Community Services and Facilities | : R12 171 626 |
| Electricity                       | : R25 522 455 |
| Human Settlements                 | : R 3 864 956 |
| Refuse / Waste Management         | : R 4 520 894 |
| Sanitation / Sewerage             | : R14 328 231 |
| Streets and Storm Water           | : R38 746 226 |
| Water                             | : R29 800 855 |
| Other                             | : R 8 881 183 |

The Municipality has sustained the social impact and footprint that it has established in communities over the past years across the greater Mossel Bay. The Municipality prides itself in a fully-flexed and resourced social development department that is actively involved in poverty alleviation interventions, youth development as well as enhancing social cohesion through programmes benefitting the elderly and other vulnerable groups. The reader's attention is drawn to Chapter 3 of the Annual Report where all interventions implemented for the year under review are listed.

The Municipality's biggest challenge remains the vandalism of public property and infrastructure needed for service delivery. Vandalism of engineering services and equipment, new houses, sports facilities, ablution facilities and municipal halls, as well as theft of municipal assets, results in unnecessary spending of large proportions of municipal funds on infrastructure that once existed. Another great concern is the problem of illegal electricity connections, which not only poses great danger to the culprits and community, it negatively impacts the standard of service delivery to law abiding citizens.

These risks negative impact on the Municipality's resource capacity to eradicate backlogs and to develop new infrastructure and services to communities in waiting. Vandalism remains the second largest strategic risk and the Municipality will have to deal with this problem decisively in partnership with Ward Committees, Neighbourhood Watches and other Community-Based Organisations. This is in line with Council's increased focus

on the safety and security of the community of Mossel Bay. We have good working relationships with these stakeholders.

On 1 June 2017, Mossel Bay Municipality became the first local government institution to adopt the Premier's Advancement of Youth Project and introduce the Mayoral Advancement of Youth Programme, a working municipal programme. The group of 11 students were placed in different directorates/departments within the Municipality, based on their indicated career choices and interests and were placed with among other: Ward Committees, Communication/Media office, LED/SMME, Public Participation, Youth/E-Centre, Early Childhood Development, Town Planning and Fire and Rescue Services. After six months of on the job training for these youngsters, six of the 11 students started studying towards a tertiary qualification at various institutions across the country. I am pleased to say that they have shown growth during their time with us and have gained valuable experience within the municipal environment, especially the few that completed the year training programme.

Mossel Bay, unlike the rest of the Western Cape, has been blessed with adequate water resources to meet the demand and more. Although our dam levels fell below the desired mark, we were fortunate in that no water restrictions needed to be instated. Council did however decide to implement a voluntary 10% water restriction to encourage residents to use water sparingly. If our dam levels should dry up, Mossel Bay has its own desalination plant on standby that has the capacity to produce 15 Megalitres per day.

We would like to thank the Provincial Government for prioritising the upgrading of the R102 (Main Road 344 between Hartenbos and Great Brak River) and Friemersheim Road. The Municipality merely facilitated the matter to ensure it is prioritised in the planning and budgeting of Provincial Government. The upgrading of the roads will enhance road mobility and ease traffic volumes during peak times. The road works will continue until 2020. However, Stop/Go controls will remain in place for the duration of the roadworks in the area.

As most of the other cemeteries in the Mossel Bay municipal jurisdiction will reach capacity within the next few years, a new regional cemetery was completed during the first half of the financial year and is centrally located along the Louis Fourie Road. This cemetery will be in use as soon as the existing cemeteries reach full capacity. The only burial grounds used for funeral and burial purposes for all in the Mossel Bay municipal area. The R7 million multi-year project, which consists of 19-hectare ground for gravesites, is centrally located along the Louis Fourie Road.

During the 2017/18 financial year, Council prioritized the rural towns and communities within the Mossel Bay municipal jurisdiction. Among other a strategic session was held, which was followed by a series of community consultation sessions in the various rural communities. The purpose of the sessions includes: to provide a platform for the communities to give their inputs with regards to the drafted Municipal Rural Development Strategy; identify possible economic and social projects to uplift and empower especially the youth; and to strategise on how to ensure sustainable service delivery to these rural areas.

In June 2018 Mossel Bay Municipality hosted its second successful annual Mayoral Golf Day at the Mossel Bay Golf Club. The aim of the Golf Day is to raise funds for the Mayoral Fund to assist the youth of the town that excel in sport and academics, promising entrepreneurs and to assist the poorest of the poor and vulnerable individuals and groups. A total of R110000 was raised.

Mossel Bay Municipality aims to strengthen its relationship with the other stakeholders and state owned enterprises such as Transnet to collaborate expertise and resources with regards to various social upliftment and empowerment projects, including community projects, sport events and worth a special mention is the collaboration between the Municipality and the Transnet National Ports Authority for the first time ever with the

Municipality to host the annual Dias Festival, now known as the Dias & Port Festival. It was also the 30th celebration of this popular and free for all community festival.

Although not a primary municipal function, the Municipality is host to the Dias & Port Festival as well as various other festivals, including the annual Sport & Recreation Festival in September/October and more recently the launch of the new Soul Festival, the aim is to promote social integration and cohesion, as well as promote a healthy lifestyle, as well as to boost the local economy and tourism to the benefit of the town and various communities it represents. It is worth mentioning that these festivals are all offered free of charge to all, as to not exclude anyone. Furthermore, the municipality also facilitates and provides logistical support to other festivals, including the Buffalo Bikers Rally and Moss Jazz Festival at De Bakke Beach.

In an effort to ensure the safety of all residents, the Municipality encourage residents' involvement in local neighbourhood watches and CPFs and logistically supports these bodies to enhance security measures in the various neighbourhoods in and around Mossel Bay. In addition to this, Council approved for the first time ever a Community Safety Plan to enhance community safety. The next step is to build on the working relationship with all the stakeholders in this regard to effectively implement the safety measures as stated in the plan.

In conclusion, I would like to thank my fellow-Councillors, particularly the members of my Mayoral Committee, as well as the Municipal Manager, Adv Thys Giliomee, the management team of the Municipality and all municipal officials for keeping the Mossel Bay Municipality aligned to its vision to continue to be one of South Africa's trendsetting municipalities.



**ALDERMAN HARRY JOSEPH LEVENDAL**  
**EXECUTIVE MAYOR OF MOSSEL BAY**

## **COMPONENT B: EXECUTIVE SUMMARY**

### **1.1 MUNICIPAL MANAGER'S OVERVIEW**



The 2017/2018 financial year was another challenging year against the background of continued difficult economic conditions and challenges present in both the local and international environment. Service delivery remains the primary objective of the municipality, however the needs of our community span far greater than merely the provision of basic services. The Municipality continues to weigh the needs of the community with principles of suitability, relevance and sound financial management.

As public officials, it is our task to provide municipal services in a sustainable manner to ensure safer and healthier living conditions for our communities. We need to ensure that the services we render are affordable to all. We must be in tune with the needs of the community and create an environment conducive of respect and upliftment.

I can confidently state that Mossel Bay Municipality has once again performed considerably well, the later sections of this Annual Report will provide more detail in this regard.

A need was identified by the Executive Management to review and redesign the organisational structure of the Municipality. This initiative not only focused on the design of the organisational structure, but also functions associated with the structure. A similar exercise was last performed in 2002/2003, where the focus was on accommodating all staff members from the former municipalities that were amalgamated to establish the present Mossel Bay Municipality.

Human capital remains one of the Municipality's key assets. It is vitally important that the knowledge, skills and expertise present in the organisation is applied and organised in the best possible manner to promote efficiency and effectiveness in service delivery. Keeping this in mind, I have introduced a Middle Management Development Programme, an initiative to develop and cultivate the next generation of managers from within the organisation. Although I am mindful of the risk that we may lose some potential management candidates, the benefits of capacitating our officials far outweighs this.

A formal proposal was received in 2017 to establish an Innovation District for Mossel Bay from Professor Erwin Schwella of the University of Stellenbosch. The University in partnership with the Municipality will seek to find innovative solutions to social challenges in Mossel Bay. The partnership will zoom in on social issues such as poverty, inequality and unemployment. It will also seek to find ways in which the economy of Mossel Bay could be stimulated and expanded. Mossel Bay Municipality entered into a memorandum of understanding with the University of Stellenbosch for the establishment of an Innovation District (MOSMID), in an effort to facilitate and promote social and economic development in Mossel Bay. It is my hope that this project will serve as a catalyst for economic and social development in the area.

During the period under review Mossel Bay Municipality scored a remarkable score of 84 out of 100 on Ratings Afrika Municipal Financial Sustainability Index (MFSI), an independent ratings agency based in Johannesburg. The Index evaluates the operating performance, liabilities management, budget practices and liquidity position. Mossel Bay holds the joint first place with Swartland Municipality as the most financially sustainable in the country for 2017.

The Mossel Bay Municipality has once again performed well and scored some notable achievements in the year. Details are contained elsewhere in this Annual Report, but I would, like to highlight the following:

- The Municipality successfully consulted its communities during August 2017 to solicit the inputs from the public and interest groups and stakeholders in preparation for the planning and drafting of the first review of the Fourth-Generation Integrated Development Plan.
- The Municipality successfully conducted a strategic planning workshop during October 2017 to determine the overarching development priorities that will underpin the development agenda.
- The Municipality successfully reviewed the Spatial Development Framework that will guide land use and development.
- A precinct plan was developed to facilitate development in the area and to establish future services needs for the area. The Aalwyndal Precinct Plan was approved and will guide the future development of the area.
- Mossel Bay Municipality with the support of the Mayoral Office and relevant departments of the Municipality as well as external stakeholders conducted consultation sessions with the rural communities within the Municipal area during June 2018. The purpose of the consultation sessions was to ensure that all relevant communities were consulted in terms of the development and approval of a Rural Development Strategy of Mossel Bay Municipality by November 2018.
- The Upgrade of the Water Supply Pipeline from Little Brak Water Treatment Plant to Langeberg Reservoir (Phase 3) project involves the systematic replacement of the existing 400 mm pipeline between the Little Brak Water Purification Plant and the Langeberg Reservoir, which is in a poor condition as it has been in service for over 30 years.
- Due to frequent burst water pipes in Outeniqua Strand, the following lengths of asbestos cement water pipelines were replaced with new PVC pipes: 160 mm diameter = 1240 m, 110 mm diameter = 760 m, 90 mm diameter = 180 m. Various new isolating valves and fire hydrants were also installed.
- Phase 1 of the new pipeline between the Langeberg pump station and Bartelsfontein reservoir (Phase 1) is a multi-year project that commenced during the 2016/2017 financial year and was completed during the 2017/2018 financial year. Phase 1 of the project consisted of the installation of the following: Ductile Iron pipes: 300 mm diameter = 750 m and PVC pipes: 315 mm diameter = 1721 m. The new pipeline has to keep up with the growing demand for water by the Mossel Bay community.
- The Pipeline between Tweeling Dam and Great Brak River Water Treatment Works project consisted of the installation of 1080 m of 250 mm PVC pipeline and the construction of a concrete intake structure as well as a concrete outlet structure. The new pipeline must keep up with the Mossel Bay community's growing demand for potable water.
- The Midbrak Main Sewer Network (Phase 3) was identified and is being implemented as a multi-year capital project. The project involves the construction of 1416 m x 450 mm diameter Glass Fibre Reinforced Pipe (GRP) pipeline with associated air valves, scour valves and a connection onto the existing bulk sewerage pipeline near Great Brak River Waste Water Treatment Works. The project is funded by means of an external loan.
- The upgrading of the maturation pond at the Regional Waste Water Treatment Works was requested as the maturation pond has never been upgraded since the treatment works was constructed. The dam



was filled with sludge particles from the effluent of the plant. The project was a multi-year project that started in the previous financial year. About 50% of the project was completed in the previous year.

- Sewer Lines: D'Almeida: The purpose of the refurbishment of the D'Almeida sewer lines is to systematically relocate sewer pipelines that are inaccessible. The available budget for this project was R 900 000 excluding VAT (CRR). The total expenditure of the project was R 791 819 excluding VAT (CRR). Due to the death of the contractor appointed for this project, not all the funds could be spent. We will therefore apply for the funds to be rolled over to the 2018/2019 financial year.
- Tarka is one of the oldest residential areas in Mossel Bay and therefore the existing sewer infrastructure has reached the end of its useful life. The purpose of this project is to replace the existing sewer pipelines with new PVC pipes and simultaneously increase undersized sewer pipe diameters.
- The New Main substation project at Great Brak River is undertaken in phases and involves the construction of a building and the installation of new 11kV switchgear. Phase I of the project involved the construction of a new substation building at a cost of R1 160 000 (excl. VAT).
- The construction of a 22kV Overhead line between the Eskom Intake substation at Midbrak and the Little Brak River substation was completed at a cost of R2 900 000 (excl. VAT). The new 22 kV Overhead line of approximately 7 km will function as a second incomer feeder to the Midbrak substation to ensure a stable supply to the Midbrak area.
- The Point Substation project involved the replacement of all old and obsolete 11kV, oil insulated switchgear with modern SF6 type switchgear at the Point Substation. A total of five switchgears were replaced at a cost of R1 000 000. This upgrading will ensure that the Mossel Bay CBD has a more stable supply.
- The electrification project was undertaken in accordance with the Department of Energy policy guidelines. A total of 444 informal households were electrified in the Sonskynvallei, Sinethemba, PA Camp, Gentswana and Newrest areas in the 2017/18 financial year. The project involved the installation of medium voltage and low voltage electrical reticulation at a cost of R7 017 544 (excl. VAT).

Despite best efforts from the Municipality to upgrade and renew its infrastructure, financial losses were suffered due to the ongoing theft of copper at various electrical and mechanical installations. The equipment targeted is mainly in the rural areas and the thefts frequently take place after hours, which causes prolonged interruption in the water and electricity supplies. Vandalism remains one of the Municipality's highest strategic risks and sadly diverts various resources away from service delivery.

The Municipality has encountered many incidents of tampering or bypassing of electricity meters as well as illegal use of electricity. Apart from the loss in revenue, illegal connections cause power outages and are a threat to the safety of people, especially young children. A total of 4 398 preventative maintenance tasks were completed on electrical equipment to minimise breakdowns and to improve the quality of supply to all customers. The Municipality also carried out 26 operations to remove 1016 illegal electricity connections, the number of illegal electrical connections removed has increased considerably from the 258 in the 2016/2017 financial year.

In respect of housing we report for the 2017/2018 financial year:

- The completion of Phase 2 of the Powertown/ Sonskynvallei top structures project wherein 105 households of the Powertown Informal Settlement were relocated to Sonskynvallei and 47 beneficiaries from Sonskynvallei also benefited by receiving a house.
- The completion of the upgrading and repairs to 206 existing top structures at Sonskynvallei at a project cost of R6,4 million.

- The commencement with the building of 154 top structures at Herbertsdale of which 50 were completed at the end of June 2018.
- Concluding the planning phase for the upgrading of 21 informal settlements to project implementation phase.
- The completion of a feasibility study for a mixed housing development located in the Louis Fourie Corridor area comprising of approximately 1300 housing opportunities.
- Maintenance of the Greenhaven flats at Great Brak River.

An extensive range of programmes and projects were rolled out in the field of socio-economic development in 2017/2018. Broad community development, rural development, poverty alleviation through inter alia soup kitchens, sewing groups, household food gardens, early childhood development, drug abuse, teenage pregnancies, youth development, HIV/Aids awareness, gender, disability, the elderly, SMME development, local economic development and rural development were addressed.

- A total of 803 jobs (2016: 794) were created through the Extended Public Works Programmes (EPWP).
- The Municipality continued with its strategy to host community festivals to promote social cohesion and integration, as well as marketing the town and stimulate the local economy and tourism. The 6th annual Sport & Recreation Festival was held in September/October 2017 and the 7th annual Dias Festival, now known as the Dias & Port Festival, took place in February 2018. The success of these festivals over the years speaks volumes and I would like to believe we are achieving the intended objectives and more. Additionally, the Municipality also facilitated the Soul Festival and Mossel Bay played host to, among other, the first Moss Jazz Festival on the rocks at De Bakke.
- The process to establish a regional landfill site started more than 10 years ago. It was a complex process involving the District Municipality, local municipalities in the Garden Route District, various government departments as well as consultants. During April 2018 the Preferred and Reserve Bidders were selected for a Private Partnership to construct and operate a regional waste facility for a ten (10) year contract period. The contract will be signed with the private partner in the next financial year. Construction of the site will commence in 2019 and the first domestic waste cell will be operational soon.

I am pleased to report that the executive management structure has remained stable with the Chief Financial Officer position being the only vacant position during the period under review. During the 2017/2018 financial year the municipality was fortunate to have the services of two highly experienced and knowledgeable officials in an acting capacity at the helm of the Finance Department. Mr Louis Fourie who was seconded from George Municipality and passed the management of the Municipality's finances to Mr Kobus Bruwer, who assumed the position of Acting Chief Financial Officer on 1 November 2017. A notable highlight was the Municipality's ability to appoint Mr Dawood Asmal as Chief Financial Officer of Mossel Bay Municipality, effective 1 May 2018. Given the context of the regulated nature of Local Government and the stringent requirement set out in Legislation, we are pleased to welcome him to our ranks. Mr Asmal brings with him a vast range of knowledge and experience as Chartered Accountant and was Financial Director / Chief Financial Officer for 15 years in a JSE-listed company. In the years to come we will be relying heavily on his expertise to guide the Municipality to even greater heights.

A disappointment was the delay with the completion of a project for internal services to 192 erven that will eventually serve 256 top structures for beneficiaries of the Azazani community. The appointed contractor was put on terms and the contract was eventually cancelled due to poor performance. A new contractor was appointed to continue the project, however, the process of cancelling the initial contract and the vandalism of the site has further delayed the project. I must stress that the delay was not as a result of poor planning on the

part of the Municipality, but the contractor's inability to meet the milestones as set out in the contract and project plan. We will continue to monitor the project to ensure its eventual success.

The municipality received an unqualified audit opinion with findings in respect of the 2017-2018 financial year. While the municipality did not receive a desired clear audit outcome, the Auditor-General did conclude that the financial statements presented fairly in all material respects with regards to the financial position of the Municipality. Although the audit outcome was not as hoped, one must remember that in context an unqualified audit is still the second highest opinion that the Auditor-General can express. The findings highlighted by the Auditor-General related to the late submission of the Annual Financial Statements and the non-compliance with legislation on local South African production and content as required by the Preferential Procurement Regulations.

The 2018/2019 financial year can be expected to have its own challenges. Against the background of continued adverse economic conditions and the impact on ratepayers as well as users of municipal services, there will have to be a major focus on the containment of costs. This may result in a review of the Municipality's present levels of service delivery standards and programmes.

I would also like to take the opportunity to express my thanks and gratitude to both Mr Louis Fourie and Kobus Bruwer, who with their knowledge and experience greatly contributed to the stability of the Finance Department amidst the challenges of implementing mSOCA, while still maintaining the day-to-day financial administration of the Municipality.

Thank you to the executive management team and the personnel of the Municipality for your loyalty and support and enormous contribution towards the successful 2017/2018 financial year.

In conclusion, I would like to thank Council, particularly the Executive Mayor, Alderman Harry Levendal, for his support guidance and oversight. He has allowed the personnel of the Mossel Bay Municipality to scale great heights through their continued support and constructive leadership.

The Mossel Bay Municipality has devoted personnel who have proved time and again that they are up to any challenges coming their way and I have no doubt that this will also be the case in 2018/2019.



**ADV T GILIOME**  
**MUNICIPAL MANAGER**

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

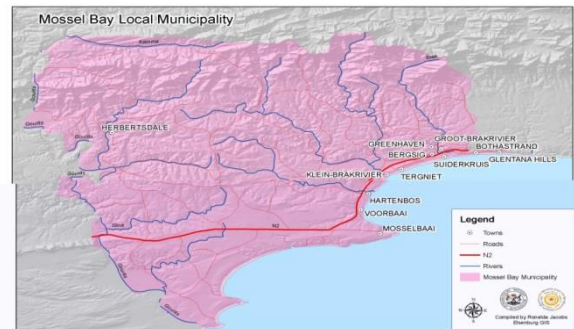
### MOSSSEL BAY PROFILE

The following provides a broad geographical, economical and statistical profile of Mossel Bay:

#### Towns and settlements within the municipal boundaries:

Aalwyndal, Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Great Brak River, Friemersheim, Hartenbos, Herbertsdale, Hersham, Joe Slovo Village, KwaNonqaba, Little Brak River, Mossel Bay, Outeniqua Beach, Reebok, Ruiterbos, Southern Cross, Tergniet and Vleesbaai.

- **Law Courts:** Mossel Bay Magistrates Court; Mossel Bay Municipal Court.
- **Port:** Mossel Bay
- **Prison:** Mossel Bay Correctional Centre for the Youth.
- **Main Economic Activities:** Agriculture (aloes, cattle, dairy, ostriches, sheep, vegetables and wine), Fishing, Light Industry, Petrochemicals, Tourism.



- **Municipal Demarcation Code:** WC043
- **Location of Head Office:** 101 Marsh Street, Mossel Bay.
- **Neighbouring Towns:** George (66 km east); Riversdale (77 km west); Albertinia (50 km west); Oudtshoorn (96 km north).
- **Municipal Area:** 2007 sq km.
- **District Municipality:** Eden (George).
- **Municipal Budget:**  
2017/2018 Operational Budget: R941 million  
2017/2018 Capital Budget: R153 million
- **Population:** 89 430 (2011 Census)
- **Educational Institutions:** South Cape Technical College - Mossel Bay Campus; Five Secondary Schools; 21 Primary Schools; Various private educational institutions.
- **Medical Facilities:** Bayview Private Hospital; Mossel Bay Provincial Hospital; District Municipal Health Services; Vidamed Day Hospital.
- **Police Stations:** Da Gamaskop, Great Brak River, Herbertsdale, KwaNonqaba and Mossel Bay.

Mossel Bay has the third largest population in the Garden Route District with a population of 89 430 in 2011, compared to 71 495 in 2001. The population grew on average by 2,24 per cent between 2001 and 2011, which is consistent with the district-wide growth of 2 per cent. Mossel Bay's population has increased by 17 935 people over a period of ten years.

Population growth of this proportion is placing strain on the Municipality's infrastructure and resources needed to sustain the town and its people. It also poses huge challenges to eradicate water, sanitation and housing backlogs and impacts on the Municipality's ability to service the community effectively.

| Age                 | POPULATION DETAILS OF MOSSSEL BAY |        |       |       |        |       |       |        |       |
|---------------------|-----------------------------------|--------|-------|-------|--------|-------|-------|--------|-------|
|                     |                                   | 1996   |       |       | 2001   |       |       | 2011   |       |
|                     | Male                              | Female | Total | Male  | Female | Total | Male  | Female | Total |
| <b>Age: 0-4</b>     | 2 535                             | 2 432  | 4 968 | 2 788 | 2 921  | 5 709 | 3 924 | 3 653  | 7 577 |
| <b>Age: 5-9</b>     | 2 761                             | 2 840  | 5 601 | 3 020 | 2 945  | 5 965 | 3 437 | 3 307  | 6 743 |
| <b>Age: 10-14</b>   | 3 064                             | 3 123  | 6 188 | 3 315 | 3 279  | 6 594 | 3 185 | 3 179  | 6 363 |
| <b>Age: 15-19</b>   | 2 391                             | 2 533  | 4 924 | 3 397 | 3 283  | 6 680 | 3 225 | 3 355  | 6 580 |
| <b>Age: 20 - 24</b> | 2 486                             | 2 418  | 4 905 | 2 870 | 2 664  | 5 535 | 3 605 | 3 727  | 7 332 |

| POPULATION DETAILS OF MOSSSEL BAY |               |               |               |               |               |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Age                               | 1996          |               |               | 2001          |               |               | 2011          |               |               |
|                                   | Male          | Female        | Total         | Male          | Female        | Total         | Male          | Female        | Total         |
| <b>Age: 25-29</b>                 | 2 817         | 2 807         | 5 626         | 3 008         | 2 833         | 5 841         | 4 064         | 4 061         | 8 125         |
| <b>Age: 30-34</b>                 | 2 599         | 2 572         | 5 171         | 3 110         | 2 926         | 6 036         | 3 427         | 3 325         | 6 752         |
| <b>Age: 35-39</b>                 | 2 300         | 2 284         | 4 584         | 2 802         | 2 923         | 5 726         | 3 103         | 3 226         | 6 330         |
| <b>Age: 40-44</b>                 | 1 837         | 1 839         | 3 676         | 2 526         | 2 546         | 5 071         | 3 074         | 3 163         | 6 237         |
| <b>Age: 45-49</b>                 | 1 380         | 1 460         | 2 840         | 2 019         | 2 117         | 4 136         | 2 582         | 2 789         | 5 371         |
| <b>Age: 50-54</b>                 | 1 141         | 1 183         | 2 324         | 1 623         | 1 787         | 3 409         | 2 320         | 2 506         | 4 826         |
| <b>Age: 55-59</b>                 | 1 034         | 1 141         | 2 176         | 1 359         | 1 566         | 2 924         | 1 938         | 2 334         | 4 272         |
| <b>Age: 60-64</b>                 | 911           | 1 060         | 1 972         | 1 309         | 1 421         | 2 730         | 1 796         | 2 107         | 3 903         |
| <b>Age: 65-69</b>                 | 753           | 791           | 1 544         | 980           | 1 062         | 2 042         | 1 532         | 1 819         | 3 350         |
| <b>Age: 70-74</b>                 | 488           | 559           | 1 047         | 705           | 773           | 1 478         | 1 206         | 1 336         | 2 542         |
| <b>Age: 75-79</b>                 | 271           | 372           | 643           | 402           | 465           | 867           | 747           | 835           | 1 582         |
| <b>Age: 80-84</b>                 | 153           | 201           | 354           | 165           | 288           | 454           | 360           | 542           | 902           |
| <b>Age: 85+</b>                   | 65            | 167           | 232           | 103           | 194           | 297           | 227           | 416           | 643           |
| <b>Total</b>                      | <b>28 988</b> | <b>29 784</b> | <b>58 772</b> | <b>35 501</b> | <b>35 993</b> | <b>71 494</b> | <b>43 751</b> | <b>45 679</b> | <b>89 430</b> |
| <i>Source: Statistics SA</i>      |               |               |               |               |               |               |               |               |               |

#### COMMENT ON BACKGROUND DATA

Proper planning and continued maintenance has ensured that the Mossel Bay Municipality is positioned well to cope with population growth in the short to medium term in terms of water and electricity supply and sanitation services provided it can keep its infrastructure maintenance at present levels. The seawater desalination plant helps to ensure that Mossel Bay enjoys a high level of water security.

Municipality and Council as well as management strive to adhere to these principles.

The Mossel Bay Municipality has over the past number of years received accolades for the high levels of service delivery it maintains.

In the 2017/2018 financial year it achieved the following levels in respect of basic service delivery above the minimum standards:

### 1.3 SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

The principle of service delivery to the community of Mossel Bay is clearly spelled out in the Vision, Mission and Value statement of the Mossel Bay

| SERVICE AREA            | % HOUSEHOLDS ABOVE |
|-------------------------|--------------------|
| <b>Water</b>            | 100 %              |
| <b>Sanitation</b>       | 99.6%              |
| <b>Electricity</b>      | 73,9%              |
| <b>Waste Management</b> | 98,2%              |
| <b>Housing</b>          | 87,7%              |

#### COMMENT ON ACCESS TO BASIC SERVICES

The migration into the Mossel Bay municipal district takes place constantly. Informal housing increases and is the main reason for the shortfalls in basic service delivery.

### 1.4 FINANCIAL HEALTH OVERVIEW

#### FINANCIAL OVERVIEW

The Mossel Bay Municipality has exceeded the operational norms. It performed at 99 % for the income generated measured against the budgeted operating income, whilst the operating expenditure is at 91 % of the budgeted operational expenditure, this resulted in a surplus of R103 583 365.



The good performance was made possible by implementing strict budget control on the set priorities and budget allocations. This strict expenditure control and monitoring of debt collection resulted in a positive cash flow generation for the year.

The cash generated from operating activities has decreased by R 59,5 million from R211,8 million to R 152,3 million. This is mainly due to an increased in expenditure from R 797,6 million to R 878,2, this whilst the operational receipts only increased from R 936,7 million to R 981,8 million.

The Municipal Standard Chart of Accounts (mSCOA) Regulation, which had an effective date of 1 July 2017, did pose enormous challenges to the Municipality, that had adopted an early adoption strategy to mitigate the implementation risks.

The Municipality has gained a valuable understanding of its core business processes. One of the findings was that this is not merely a classification reform but requires a total revisit of all business processes to be able to obtain the correct information to ensure that a transaction was classified correctly.

The necessity of reclassifications was highlighted by the frequently ask questions of the Accounting Standards Board, which emphasized the aligned of mSCOA classifications. The outcome of it all was that the preparation of the annual financial statements was not completed within the legislative requirements due to delays in the implementation of mSCOA having a knock-on effect on the preparation of the financial statements.

The restatement in terms of classifications and the correction of errors, highlighted due to the implementation of mSCOA, resulted in the Municipality to rather opt for a late submission than take the risk of material misstatements.

Apart from the abovementioned the financial outcomes are as included in the financial overview tables below:

| FINANCIAL OVERVIEW: 2017/2018    |                 |                   |        | R |
|----------------------------------|-----------------|-------------------|--------|---|
| Details                          | Original budget | Adjustment Budget | Actual |   |
| <b>Income:</b>                   |                 |                   |        |   |
| <b>Grants</b>                    | 150661          | 193718            | 164086 |   |
| <b>Taxes, Levies and tariffs</b> | 697700          | 702336            | 713526 |   |
| <b>Other</b>                     | 102740          | 130228            | 104162 |   |
| <b>Sub Total</b>                 | 951102          | 1026282           | 981774 |   |
| <b>Less: Expenditure</b>         | 924902          | 985860            | 878190 |   |
| <b>Net Total*</b>                | 26200           | 40422             | 103583 |   |

| OPERATING RATIOS                        |       |
|---|-------|
| Detail                                  | %     |
| <b>Employee Costs</b>                   | 30.1% |
| <b>Repairs &amp; Maintenance</b>        | 10.2% |
| <b>Finance Charges &amp; Impairment</b> | 1.3%  |

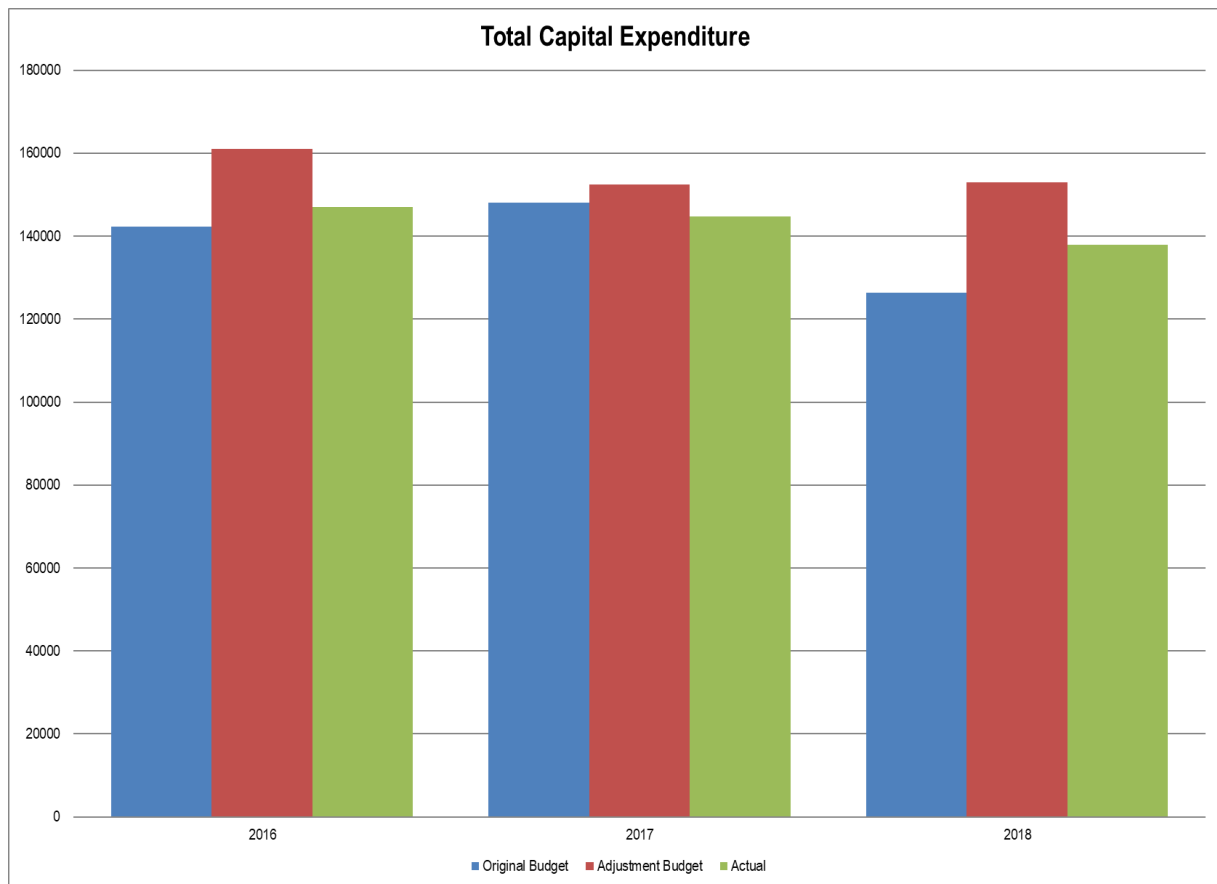
#### COMMENT ON OPERATING RATIOS

The employee cost for the 2017/2018 financial year amounted to 30.1%, which is on par with the national norm of 30% of the total expenditure for the year.

Repairs and maintenance have increased slightly from the previous year to 10.2% of the total expenditure for the year.

Finance charges and impairment costs as a percentage of the total expenditure are well below the norm of 10%. This is due to the very low borrowing rate and therefore very low cost.

| TOTAL CAPITAL EXPENDITURE: 2016 TO 2018 |        |        |        |
|---|--------|--------|--------|
|   | R'000  |        |        |
| Detail                                  | 2016   | 2017   | 2018   |
| Original Budget                         | 142374 | 148066 | 126285 |
| Adjustment Budget                       | 160990 | 152376 | 152995 |
| Actual                                  | 147023 | 144823 | 137836 |



#### COMMENT ON CAPITAL EXPENDITURE

The capital expenditure ratio has declined from the previous financial year, it is at 90.1% of the budget. Unspent capital grant funding relates to funding for Housing Projects, which are multi-year projects. It has been requested that these funds be rolled over to the 2018/2019 financial year.

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has made tremendous strides in improving organisational performance and has improved its capacity by the development and setting of Key Performance Areas that comply with the SMART principle, stronger and clear linkage between the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and Annual Report. It has also created a culture of organisational performance monitoring and evaluation through the diligent implementation of a Performance Management System. The review of macro- and micro structures and the filling of key posts to implement projects and programmes occurred regularly. The overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level Service Delivery and Budget Implementation Plan at organisational level and through monitoring and evaluation of the detailed Departmental Service Delivery Budget Implementation Plan (SDBIP) at directorate and departmental levels. The TASK grading system has made it difficult to recruit artisans, in particular, and other technical personnel. The Municipality has reacted to this challenge by placing existing personnel on learnership programmes.

## 1.6 AUDITOR-GENERAL REPORT

The Municipality received an unqualified audit outcome with findings for the year to 30 June 2018, with the Auditor-General declaring as follows:

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

The report of the Auditor-General to the Western Cape Provincial Parliament and the Council on the Mossel Bay Municipality stated that the opinion was not modified in respect of matter of emphasis as well as additional matters to which attention had been drawn. The full audit report is included in Appendix T of this Report.

## 1.7 STATUTORY ANNUAL REPORT PROCESS

| NO | ACTIVITY  | TIMEFRAME           |
|----|---|---------------------|
| 1  | Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor-General | August              |
| 2. | Auditor-General audits Annual Report, including consolidated Annual Financial Statements and Performance Data                         | September / October |
| 3. | Municipality receives and starts to address the Auditor-General's comments  | November            |
| 4. | Mayor tables Annual Report and audited Financial Statements to Council, complete with the Auditor-General's Report                    | January             |
| 5. | Audited Annual Report is made public and comment is invited   | January / February  |
| 6. | Oversight Committee assesses Annual Report  | February            |
| 7. | Council adopts Oversight Report   | March               |
| 8. | Oversight Report is submitted to Western Cape Provincial Government   | March/April         |

## **CHAPTER 2 – GOVERNANCE**

### **INTRODUCTION TO GOVERNANCE**

In terms of Section 40 of the Constitution, Government in South Africa is constituted as national, provincial and local spheres of government that are distinctive, interdependent and interrelated. All spheres of government must observe and adhere to the principles of the Constitution and must conduct their activities within the parameters that the Constitution provides. The Mossel Bay Municipality represents the local sphere of government.

### **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

#### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

Section 151 (3) of the Constitution states that the Council of a Municipality has the right to govern, on its own initiative, the local government affairs of the local community.

At the Mossel Bay Municipality a clear distinction is made between the politically elected structure, namely Council, which is responsible for the oversight and legislative function of the Municipality, and the Administration.

The Council is chaired by the Speaker. The executive is headed by the Executive Mayor together with the Deputy Executive Mayor and a Mayoral Committee of six (6) members who are full-time Councillors involved in the day-to-day running of Council from the political perspective.

The Administration is headed by the Municipal Manager, who is also the organisation's Accounting Officer. Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making powers are clear and unambiguous.

#### **2.1 POLITICAL GOVERNANCE**

### **INTRODUCTION TO POLITICAL GOVERNANCE**

The Town Council of Mossel Bay (WC043) comprises of 14 Ward Councillors and 13 proportional representatives.

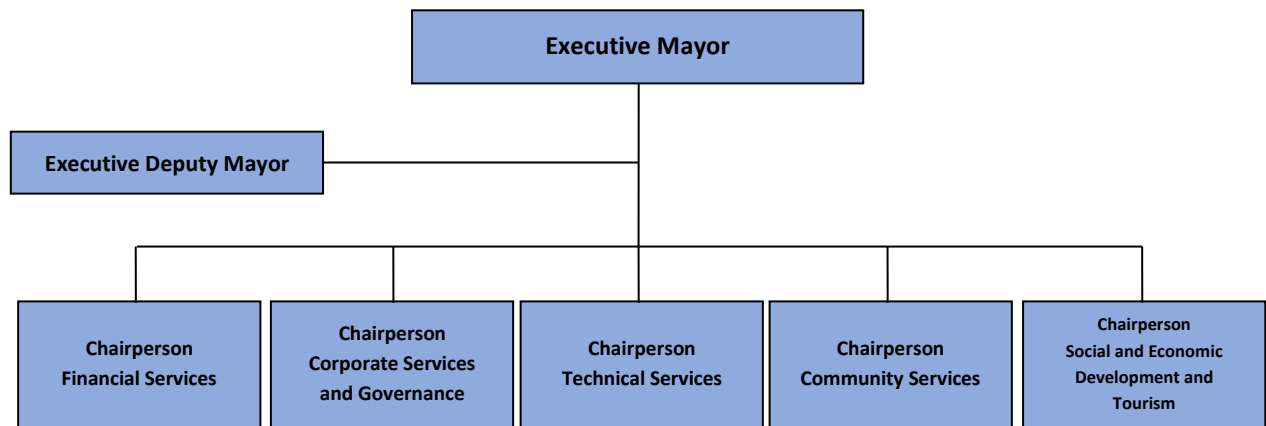
The Council has an Executive Mayoral system combined with a ward participatory system, and the Speaker is the Chairperson of the Council. Council conducts its affairs through a portfolio committee system.

### **COUNCILLORS**

At the end of the 2018 financial year the Democratic Alliance (DA) held 17 seats in Council, the African National Congress (ANC) 7, the African Christian Democratic Party (ACDP) one, the Freedomfront Plus (VF+) one and the Independent Civic Organisation of South Africa (ICOSA) one.

**Appendix A** contains a full list of Councillors (including committee allocations and attendance at Council meetings). Please also refer to **Appendix B**, which sets out committees and committee purposes.

The following is a graphic illustration of Council's present executive structure:



The political executive structure is as follows:





## POLITICAL DECISION-TAKING

Political decisions are made by the Executive Mayor, in terms of powers delegated to him by law, and Council in session at general monthly Council meetings or special Council meetings that are called when decisions are taken that cannot wait for the monthly meetings.

Over and above the abovementioned, the following are statistics for the Executive Mayoral decisions taken during the year:

| 2015/2016 | 2016/2017 | 2017/2018 |
|-----------|-----------|-----------|
| 47        | 58        | 86        |

The table below reflects the number of Council as well as Council Committee meetings that were held over the past three financial years:

|                                    | 2015/2016 | 2016/2017 | 2017/2018 |
|------------------------------------|-----------|-----------|-----------|
| <b>Special Council Meetings</b>    | 4         | 7         | 8         |
| <b>Ordinary Council Meetings</b>   | 10        | 10        | 10        |
| <b>Standing Committee Meetings</b> | 55        | 55        | 66        |

With some exceptions when items are carried directly into Council when they are either urgent or do not fall within the ambit of any one of the Council Committees, Council resolutions are based on the recommendations of the various Council Committees. The following table reflects the number of Committee recommendations submitted to Council over the past three financial years:

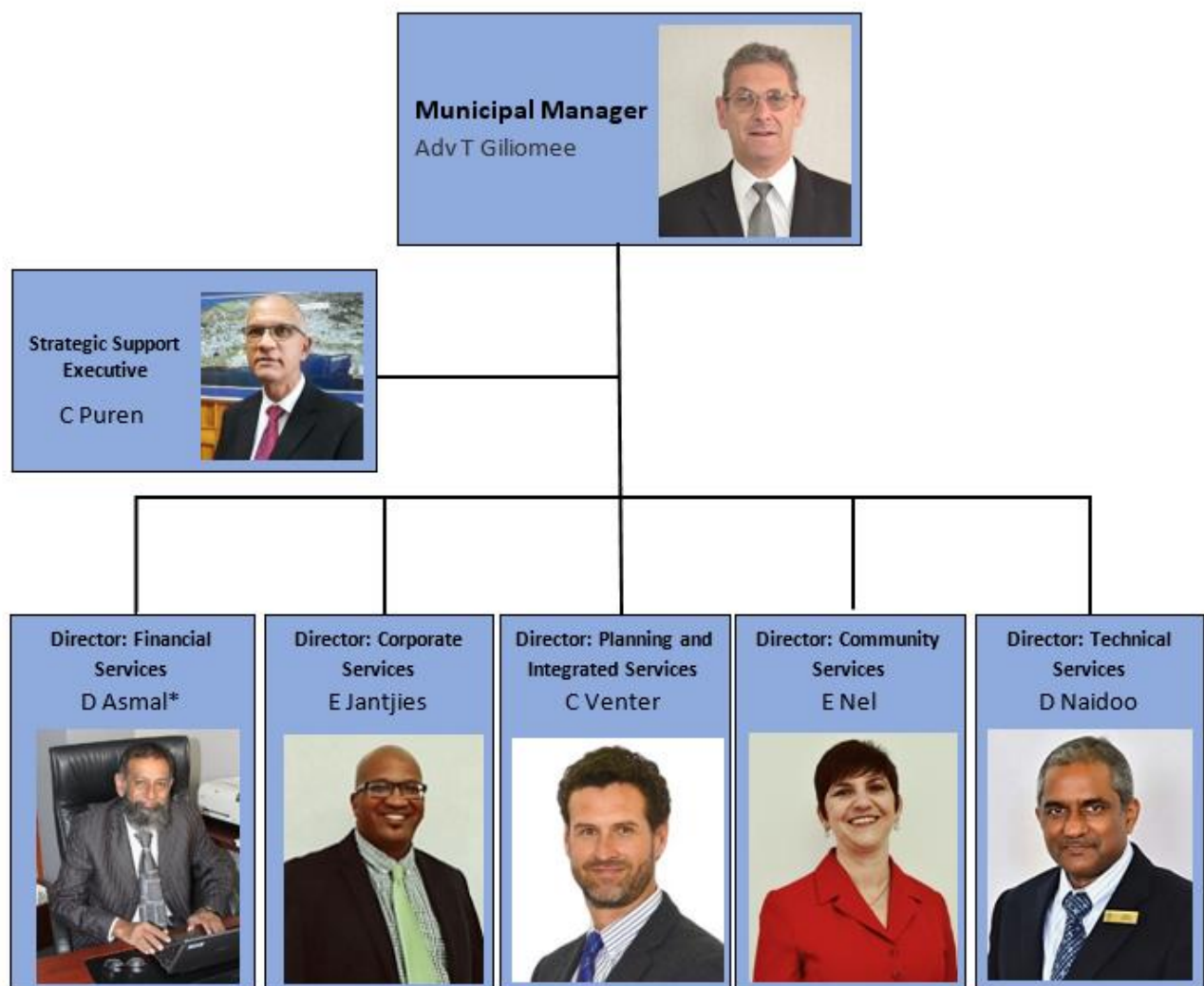
|  | 2016/2017  | 2017/2018  |
|--|------------|------------|
| <b>Planning &amp; Integrated Services Committee</b>  | 83         | 104        |
| <b>Technical Services Committee</b>                  | 6          | 14         |
| <b>Community Services Committee</b>                  | 34         | 29         |
| <b>Financial Services Committee</b>                  | 29         | 73         |
| <b>Corporate &amp; Government Services Committee</b> | 32         | 72         |
| <b>Socio-economic and Tourism Committee</b>          | 47         | 82         |
| <b>Total number of recommendations</b>               | <b>231</b> | <b>374</b> |

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 60 (b) of the Municipal Finance Management Act states that the Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures, political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The macrostructure of the Mossel Bay Municipality with the incumbent heads of department at the end of the 2017/2018 financial year was as follows:



*\*Mr D Asmal was appointed as of Chief Financial Officer on 1 May 2018.*

## FUNCTIONS AND RESPONSIBILITIES

### 2.2.1 OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for Legal Services, Municipal Court, Strategic Services including Integrated Development Planning, Public Participation, Performance Management, Employment Equity, Thusong Service Center, Marketing and Communication and the Municipal Call Centre.

### 2.2.2 DIRECTORATE TECHNICAL SERVICES

The Directorate is responsible for Water and Sewer, Planning and Support Service (MIG projects and support services), Mechanical Services (Fleet management and telemetry services), Electrical Network Services (provision of electricity and the maintenance of electrical services) and Electrical Planning and Customer Services.

### 2.2.3 DIRECTORATE COMMUNITY SERVICES

The Directorate is responsible for the provision of Cleansing, Environmental Health Services not provided by the Eden District Municipality, Community Safety, Fire and Rescue Services, Sport, Recreation and Facilities and Library Services.

### 2.2.4 DIRECTORATE CORPORATE SERVICES

The Directorate is responsible for support services, which include the Secretariat, Typing Services, Archives, Switchboard and Cleaning, Human Resources, Socio-Economic Development (Local Economic Development, Youth Development), Information Technology and Tourism.

### 2.2.5 DIRECTORATE FINANCIAL SERVICES

The Directorate is responsible for Financial Administration (Budget, Credit Control, Cash Flow Management, Loans, Investments), Income, Expenditure and Supply Chain Management.

The Budget Office, which was established as required in terms of the Municipal Finance Management Act, No 56 of 2003, is housed in this Directorate.

### 2.2.6 DIRECTORATE PLANNING AND INTEGRATED SERVICES

The Directorate is responsible for Planning and Development (Strategic Planning and Development Control) as well as Human Settlement, Building Control (Building Plan Examination, Building Inspectorate, Municipal Buildings and Property, Outdoor Advertisements and Property Evaluations.

In addition to doing its own spatial development planning and exercising control over Council property, development, building activities and outdoor advertising, an information service is provided to property owners and developers.

The Municipal Manager and the Directorate Heads meet formally every second Monday to review service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters.

The management team meets formally with the Mayoral Committee on a regular basis to ensure that the decision-making process is expedited to enhance service delivery. Each Director also interacts with his or her Mayoral Committee Member on a more regular basis for the same purpose.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

#### NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mossel Bay Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and intergovernmental relations with its district and neighbouring municipalities, provincial authority, national government and intergovernmental agencies.

#### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Mossel Bay Municipality actively participates in various Intergovernmental Relations activities in the district and province. The Municipality delegates officials and Councillors to the following forums:

| INTERGOVERNMENTAL RELATIONS FORUMS                   |            |  |
|--|------------|--|
| FORUM  | FREQUENCY  | DIRECTORATE  |
| Municipal Managers Forum                             | Quarterly  | Office of the Municipal Manager                        |
| SALGA Working Groups                                 | Quarterly  | Relevant Directorate and Portfolio Councillor          |
| Premier's Coordinating Forum (PCF)                   | Quarterly  | Office of the Mayor; Office of the Municipal Manager   |
| Legal Advisers Forum                                 | Quarterly  | Office of the Municipal Manager                        |
| Provincial IDP Managers Forum                        | Quarterly  | Office of the Municipal Manager                        |
| Provincial Training Committee Meeting                | Bi-monthly | Corporate Services                                     |
| Human Resources Forum                                | Quarterly  | Corporate Services                                     |
| Disaster Management Forum                            | Quarterly  | Community Services                                     |
| Environmental Health Forum                           | Quarterly  | Community Services                                     |
| Local Economic Development Forum                     | Quarterly  | Corporate Services                                     |
| Predetermined Objective Forum                        | Quarterly  | Office of the Municipal Manager                        |
| Provincial Thusong Service Centre Managers Forum     | Quarterly  | Office of the Municipal Manager                        |
| Municipal Governance Review and Outlook Forum (MGRO) | Quarterly  | Office of the Municipal Manager and Financial Services |
| Provincial IDP Indaba                                | Bi-annual  | Corporate Services                                     |
| Provincial LGMTEC Engagements                        | Annual     | Office of the Municipal Manager / Financial Services   |
| Provincial Commtech                                  | Quarterly  | Office of the Municipal Manager                        |

#### RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Mossel Bay Municipality does not have any municipal entities.

#### DISTRICT INTERGOVERNMENTAL STRUCTURES

| DISTRICT INTERGOVERNMENTAL STRUCTURES    |           |   |
|--|-----------|---|
| FORUM                                    | FREQUENCY | DIRECTORATE   |
| District Coordinating Forum (DFC)        | Quarterly | Office of the Mayor and Office of the Municipal Manager |
| District IDP Managers Forum              | Quarterly | Office of the Municipal Manager                         |
| Local Economic Development Forum (DFC)   | Quarterly | Corporate Services                                      |
| South Cape Business Forum (SCEP) Tourism | Quarterly | Corporate Services                                      |

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Council interacts with its stakeholders by means of ward committees, budget and Integrated Development Planning (IDP) meetings. Public and stakeholder engagements are an ongoing process throughout the year. The Municipality ensures that these meetings are well attended by informing the public and stakeholders on time and in their local languages. This also ensures meaningful and constructive participation.

All documents that are required to be made public in terms of the Municipal Systems Act (MSA) are placed on the municipal website. Public meeting schedules are also placed on the website and are also advertised through local newspapers, posters and loud hailing. Public meetings include Council meetings, Ward Committee meetings and budget and IDP meetings.

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

#### INTEGRATED DEVELOPMENT PLAN (IDP)

In order to ensure that the real needs of the people residing within the municipal area are reflected in the IDP, 44 public IDP engagement sessions were held across all 14 wards in the year under review.

These public engagement sessions present the opportunity and platform to all citizens and those who have vested interest in Mossel Bay to review the service delivery needs and priorities of the ward in which they reside, ultimately shaping the IDP according to their needs and interests.

The 2017/18 public participation and Ward Committee programme, which gives effect to the implementation of Council's Marketing Plan is outlined below:

| METHOD OF COMMUNICATION                     | PURPOSE OF ENGAGEMENT  | FREQUENCY: 2017/2018   |
|---|--|--|
| <b>Ward Committee Meetings</b>              | Continuously inform constituents about the objectives and performance of Council through Ward Committees.<br>Discuss standard of municipal service delivery in ward and notify Councillor of specific problems that need attention.<br>Report on specific portfolio matters for assistance and guidance.                               | Ongoing  |
|   | Strengthen community involvement and participation in IDP, Budget, and Performance Management (SDBIP) processes.<br>The following documents (in draft stage) are discussed with Ward Committees to obtain input and comments:<br>IDP and Budget Process Plan, IDP, Budget, Top-Layer SDBIP, Quarterly and Mid-Year Performance Reports | 3 – 12 July 2017<br>22 – 31 January 2018<br>26 September – 05 October 2017<br>03 – 12 April 2018 |
| <b>Ward Councillor Report Back Meetings</b> | Ward Councillors report back to community in ward on quarterly municipal performance and any municipal service-related matter.   | Ward 4: 11 October 2017<br>Ward 13: 08 February 2018<br>Ward 12: 06 June 2018                    |

| METHOD OF COMMUNICATION              | PURPOSE OF ENGAGEMENT   | FREQUENCY: 2017/2018                          |
|--------------------------------------|---|---|
|                                      | The platform is also used to engage Ward Councillors and to raise matters of concern, which the administration needs to attend to.  | Ward 2: 14 June 2018                          |
| <b>IDP / Budget Public Roadshows</b> | Compilation of 2018/2019 IDP Review and obtain public input and service delivery and development priorities.<br>Consult public on 2018/2019 draft budget for input and comment and communicate approved budget and tariff increases | 01 – 29 August 2017<br>10 April – 03 May 2018 |

The table below indicates the number of people as per signed attendance registers that participated in the IDP review process across all 14 wards of the Municipality over the past three financial years:

| 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
|-----------|-----------|-----------|-----------|-----------|
| 566       | 1347      | 657       | 1424      | 1506      |

The prescribed by the Council's marketing policy, the IDP Public consultation sessions were communicated using multiple methods to enhance attendance. The communication methods used were as follows:

- Adverts in local newspapers
- Radio interviews at three local radio stations
- Distribution of flyers to households, churches and schools
- Posters
- Loudhailing

The IDP public engagement sessions were generally well attended although the attendance was lower than expected in some wards.

#### WARD COMMITTEES

The Mossel Bay Municipality uses the Ward Committee system comprehensively to develop the flow of information between the Municipality, the community and vice versa.

This is to allow public participation in matters of the Municipality such as the IDP, budget and implementation thereof as well as focusing on ward-based needs analyses, project identification and prioritisation and performance monitoring.

All 14 ward committees had the following activities from 1 July 2017 till 30 June 2018:

- Scheduled quarterly Ward Committee meetings
- Three training / capacity building sessions
- One rounds of Councillor report back meetings
- Ward Committee Summit



| <b>WARD COMMITTEE CAPACITY BUILDING SESSIONS</b> |   |   |
|--|---|---|
| <b>Date of the Workshop</b>                      | <b>Number of Ward Committee members in attendance</b> | <b>Topics covered</b>   |
| <b>16 September 2017</b>                         | <b>122</b>  | <ul style="list-style-type: none"> <li>• South Cape College Student Recruitment Drive</li> <li>• A citizen-Centric Approach to Municipal Service Delivery and Support</li> <li>• Louis Fourie Housing Development (Erven 12 &amp; 13)</li> <li>• Thusong Service Centre Programme</li> <li>• Processes involved in erecting of a Speedhump</li> <li>• Grass Root Mobile Application</li> <li>• Ward Committee Policy and Code of Conduct</li> </ul> |
| <b>04 November 2017</b>                          | <b>82</b>   | <ul style="list-style-type: none"> <li>• Ward Analysis Review (SWOT)</li> <li>• Identification of Existing Service Delivery Levels and Available Infrastructure</li> <li>• Identification of Service Delivery Needs/ Development Objectives / Prospective Projects</li> <li>• Project Prioritization Process</li> <li>• Discretionary Fund Projects</li> </ul>  |
| <b>17 March 2018</b>                             | <b>75</b>   | <ul style="list-style-type: none"> <li>• Dynamics of Leaner Code of Conduct at Schools</li> <li>• Mossel Bay Municipality Supply Chain Process</li> <li>• Transnet National Port Authority: Strategic Direction, Services offered, and Business Opportunities</li> <li>• Mossel Bay Municipality Local Economic Development</li> <li>• Driver's Licence Demerit System</li> </ul>   |
| <b>19 May 2017</b>                               | <b>85</b>   | <ul style="list-style-type: none"> <li>• Presentation: Mossel Bay Municipality Local Economic Development Strategy</li> <li>• Presentation: Tourism Development</li> <li>• Presentation: SMME Development, Informal Trading and Success Stories</li> <li>• Presentation: Local Economic Activities</li> <li>• Commission discussions and provision of input</li> </ul>  |

| PUBLIC MEETINGS  |                                |             |                 |            |                          |  |
|--|--------------------------------|-------------|-----------------|------------|--------------------------|--|
| Nature and purpose of meeting  | Date of events                 | Councillors | Municipal Staff | Attendance | Issue addressed (Yes/No) | Dates and manner of feedback given to community                            |
| <b>Ward Committee Meetings (14 Wards) for 2018/2019 IDP inputs</b>                                       | 26 September – 05 October 2017 | 14          | 12              | 122        | Yes                      | Feedback given at next Ward Committee Capacity Building – 04 November 2017 |
| <b>IDP Public Engagement - Community Needs Analysis for 2018/2019 IDP Review and Budget</b>              | 01 – 29 August 2017            | 14          | 10              | 724        | Yes                      | Feedback given at next Ward Committee Capacity Building – 04 November 2017 |
| <b>Ward Committee Capacity Building Sessions/ Ward Development Planning</b>                              | 04 November 2017               | 14          | 07              | 82         | Yes                      | Feedback given at Ward Committee meetings between 22 - 31 January 2018     |
| <b>Ward Committee Meetings (14 Wards) Discuss Municipal Annual Report 2017</b>                           | 22 – 31 January 2018           | 14          | 9               | 138        | Yes                      | Feedback given at next Ward Committee Meeting – 3 – 12 April 2018          |
| <b>Ward Committee Meetings (14 Wards). Consultation on Draft 2018/19 IDP Review and Municipal Budget</b> | 03 – 12 April 2018             | 14          | 10              | 113        | Yes                      | Written feedback to Ward Committee members.                                |

| PUBLIC MEETINGS  |   |             |                 |            |                          |   |
|--|---|-------------|-----------------|------------|--------------------------|---|
| Nature and purpose of meeting  | Date of events  | Councillors | Municipal Staff | Attendance | Issue addressed (Yes/No) | Dates and manner of feedback given to community     |
| <b>IDP Public Engagement – Workshop of draft 2018/2019 IDP Review and Budget</b> | 10 April – 03 May 2018  | 14          | 10              | 748        | Yes                      | Feedback given at the next Ward Committee Meetings. |
| <b>Ward Councillor Quarterly Feedback Meetings</b>                               | <b>Ward 4:</b> 11 October 2017<br><b>Ward 13:</b> 08 February 2018<br><b>Ward 12:</b> 06 June 2018<br><b>Ward 2:</b> 14 June 2018 | 4           | 4               | Yes        | Yes                      | Feedback given at next report- back meeting         |

#### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The public is updated through public meetings of municipal processes such as the IDP and the budgeting processes. In this way they are also enabled to participate in them. The public meetings provide an effective platform to communicate service delivery issues and changes that directly affect the public, such as the tariff increases. Through these meetings, the Municipality is then placed in a position to identify gaps and issues which frustrate the public so that it can improve on them. The meetings also serve to identify the areas in which it does well.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

| IDP PARTICIPATION AND ALIGNMENT CRITERIA                                       | YES/NO |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators?          | Yes    |
| Does the IDP have priorities, objectives, KPI's, development strategies?       | Yes    |
| Does the IDP have multi-year targets?  | Yes    |
| Are the above aligned and can they calculate into a score?                     | Yes    |
| Does the budget align directly to the KPI's in the strategic plan?             | Yes    |
| Do the IDP KPI's align to the Section 57 Managers?                             | Yes    |
| Do the IDP KPI's lead to functional area KPI's as per the SDBIP?               | Yes    |
| Do the IDP KP'Is align with the provincial KPI's on the 12 Outcomes?           | Yes    |
| Were the indicators communicated to the public?                                | Yes    |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes    |

## **COMPONENT D: CORPORATE GOVERNANCE**

### **2.6 RISK MANAGEMENT**

Section 62 of the Local Government: Municipal Finance Management Act stipulates that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Municipality has a fully functional Fraud and Risk Management Committee which meets on a quarterly basis. The Committee reports to the Audit Committee who has an oversight function over the Fraud and Risk Management Committee.

Council has on recommendation of the Fraud and Risk Management Committee adopted various policies to assist with risk management within the Municipality and includes a Risk Management Policy, Risk Management Strategy, Fraud and Risk Management Committee Charter and an Anti-Fraud and Corruption Prevention Policy. The Committee annually approves a Fraud and Risk Management Implementation Plan setting out the Committees actions for the relevant year.

The Municipality undertakes an annual risk assessment where the risks with a residual risk rating above twenty where the ability to control is either medium or high, are identified and action plans are developed to mitigate these risks. Twenty-four (24) risks were identified for 2017/2018 namely:

1. Regional landfill not in operation within legal timeframes
2. Vandalism/Theft of Council property
3. Inaccurate tariff modelling and cost of supply calculation resulting in over/under taxation
4. Illegal dumping
5. Illegal electrical connections
6. Insufficient strategic planning with regard to IT hardware, software and networks
7. Lack of stability of the current system due to changes in system
8. Insufficient IT security management with regard to IT security policies and procedures
9. Inadequate user access control
10. Public unrest/riots
11. Effluent discharge not complying to standards
12. Materials issued not being used and not returned to the workshop.
13. Data loss due to IT server/hardware failure and vulnerability of all municipal data held in information format.
14. Excessive unaccounted for water/water losses.
15. Lack of diversified economic activity.
16. Over-dependency on key personnel (transfer/loss of skills, insufficient segregation of duties)
17. Asset register incomplete (immovable)
18. Inadequate contract management
19. Management of invasion of municipal and private land
20. Insufficient organization structure in IT governance with regard to committees established.
21. Insufficient/over insurance cover
22. Non-compliance with minimum specification for information systems by National Treasury.
23. Failure to optimise economic opportunities due to optic fibre technology not utilised due to lack of communication master plan.
24. Poor collection of fines.

The Directors of the Municipality are also the Risk Champions of their respective Directorates and are in the best position to mitigate the abovementioned risks and must report to the Fraud and Risk Management Committee quarterly on progress made with the risk action plans.

The Fraud and Risk Management Committee also adopted KPI's for the Committee with quarterly targets that are aligned to the Fraud and Risk Management Implementation Plan thus ensuring that the Committee functions optimally.

## **2.7 ANTI-CORRUPTION AND FRAUD**

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

An Anti-Fraud and Corruption Prevention Policy has been adopted by Council and the objective of this policy is to develop and foster a climate within the Mossel Bay Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both pro-active and re-active measures at their disposal, and strive actively to gain the support of the public in this endeavour.

This policy also sets down the stance of the Municipality to fraud as well as re-enforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts persist.

The goal of fraud and corruption prevention within the Municipality is to manage the susceptibility to risk with a view to reducing it and to raise the level of fraud awareness amongst employees and other stakeholders.

The policy is also intended to communicate the Municipality's commitment to eliminate fraud and that the Municipality supports and fosters a culture of zero tolerance to fraud and all its activities. Through this policy, the Municipality undertakes to combat all forms of fraud and corruption as well as to remain pro-active in the fight against fraud.

Workshops are held annually with new and existing employees to inform them of the Policy and to enhance awareness within the Municipality.

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **INTRODUCTION**

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a new Supply Chain Management (SCM) Policy in terms of the Regulations in place by the start of the new financial year in July.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

### **SCM POLICY**

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed in the 2015/2016 financial year for the 2016/2017 period. The revised Policy incorporated recommendations by the Municipality's internal auditors, the Auditor-General and directives from Provincial and National.

Council approved the revision of the Supply Chain Management Policy on 31 May 2017 (resolution number E88-05/2017) and it came into effect on 1 July 2017 for the 2017-2018 financial year.

The policy was revised again during 2017-2018 as prescribed and Council approved the revision of the Supply Chain Management Policy on 26 May 2018 (resolution number E86-05/2018) that will come into effect on 1 July 2018 for the 2018-2019 financial year.

1 April 2017 brought about changes in the Preferential Procurement Policy Framework Act which was incorporated or mentioned in the revised Policy for the 2017-2018 financial year. The inclusion of a Model Policy for the Infrastructure Procurement and Delivery Management also formed part of the new adopted policy with implementation date 1 July 2019.

## **BID COMMITTEES**

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. The Deputy Town Treasurer: Mr H Le Roux is appointed as the chairperson of the Bid Evaluation Committee and assisted by legal services Ms M Smit as standing members of this committee.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The Bid Adjudication Committee is the only standing bid committee. The following persons presently serve permanently on the committee:

- |                                    |  |
|------------------------------------|--|
| • Mr Dawood Asmal (Chairperson)    | : Chief Financial Officer                    |
| • Mr D Naidoo (Deputy Chairperson) | : Director: Technical Services               |
| • Mr E Jantjies                    | : Director: Corporate Services               |
| • Mr C Venter                      | : Director: Planning and Integrated Services |
| • Ms E Nel                         | : Director: Community Services               |
| • Ms M Jacobs                      | : Head: Expenditure                          |
| • Mr D Scholtz                     | : Manager: Supply Chain Management           |

Various officials served from time to time as members of the Bid Adjudication Committee while they were acting in positions of officials that serve on the Bid Adjudication Committee. These officials were duly delegated to be members.

## **SCM UNIT**

On 30 June 2018 there are no vacant positions currently budgeted for and on the organogram. The two vacant positions during this financial year were filled, namely Administrative Officer: Stores and Clerk- Buyer. The unit is awaiting the implementation of the new organogram in 2019 that will avail possible new positions in the unit.

## **ACCREDITED SUPPLIER DATABASE**

Mossel Bay Municipality, as well as the other municipalities in the Western Cape, have now started only using the Central Supplier Database, from 1 July 2016.

## **TENDER AWARDS**

A total of 141 tenders, compared to 107 the previous year, were awarded during the 2017/2018 financial year. This amount includes validity extensions from previous financial years.



## CONCLUSION

Mossel Bay Municipality received its 6th clean audit in a row, from the Auditor-General of South Africa and Supply Chain Management proudly contributed to that in the previous financial year (2016/2017). The 2017/2018 financial year was once again a very good year for the unit.

All SCM officials continuously make an effort to improve systems and to streamline processes and procedures, but at the same time remain compliant to all applicable legislation. The SCM unit functions very well and Mossel Bay Municipality is frequently praised at the Western Cape Provincial SCM Forum as well as on other platforms. It is considered as a leading municipality in the field of SCM and its processes are often used as "best practice" examples. Municipalities from the Northern Cape, KwaZulu-Natal, Gauteng and the Eastern Cape as well as in the Western Cape and the Eden District contact us for assistance on a regular basis. The unit strives to enhance local economic development as far as possible with some additions to the Preferential Procurement Framework that can be used as an enabler for local procurement. This has now however reached some stumbling blocks with the Provincial Treasury Circular 18 informing the municipality that we should refrain from utilising some of the new regulations until they can provide more clarity or until they develop an economic development model policy.

## 2.9 BY-LAWS

| BY-LAWS INTRODUCED DURING 2018  |   |  |  |                           |                     |
|---|---|--|--|---------------------------|---------------------|
| Newly Developed   | Revised   | Public Participation Conducted Prior to Adoption of By-Laws (Yes/No) | Dates of Public Participation  | By-Laws Gazetted (Yes/No) | Date of Publication |
| Mossel Bay Municipality: Integrated Zoning Scheme By-Law                        |   | Yes  |  | Yes                       | 18-Jan-18           |
|   | Mossel Bay Municipality By-Law relating to Public Nuisances | Yes  | 15 December 2017 to 31 January 2018 with workshops on 16 and 17 January 2018 | Yes                       | 20-Apr-18           |
| Mossel Bay Municipality: Control of Undertakings that sell liquor to the public |   | Yes  |  | Yes                       | 6-Jul-18            |

COMMENT ON BY-LAWS:

Municipal By-Laws are adopted in terms of Sections 12,13 and 14 of the Local Government: Municipal Systems Act, No. 32 of 2000. These sections prescribe the legislative process that must be followed before Council may adopt and implement a by-law in its area of jurisdiction.

The process entails public participation whereby the draft by-laws are open to the public for comments, objections or representations. The Municipality also conducts workshops with the public within the municipal district to enable as many people as possible to attend, be informed and provide comments.

Once the public participation process is finalised the draft by-law is tabled at a Council Meeting where Council approves the by-law after consideration of any comments received. The approved by-law is then promulgated in the Provincial Gazette for general information and a notice is placed in the local newspaper informing the public of the promulgated by-law and its commencement date.

Every by-law is enforced by the relevant Directorate responsible for its implementation and if need be, non-compliance is referred to Legal Services and if necessary to the Municipal Court.

## 2.10 WEBSITES

| MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL  |          |                                    |
|--|----------|------------------------------------|
| DOCUMENTS PUBLISHED ON THE MUNICIPALITY'S / ENTITY'S WEBSITE   | YES / NO | PUBLISHING DATE                    |
| Current annual and adjustments budgets and all budget-related documents  | Yes      | 28-Apr-17                          |
| All current budget-related policies  | Yes      | 6-Jun-18                           |
| The previous annual report (Year 2017)   | Yes      | 2-Feb-18                           |
| The annual report (Year 2018) published/to be published  | Yes      | Draft<br>Published on<br>31-Jan-18 |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2018) and resulting scorecards                 | Yes      | 15-Sep-17                          |
| All service delivery agreements (Year 2018)  | No       | none                               |
| All long-term borrowing contracts (Year 2018)  | Yes      | 11-Jul-17                          |
| All supply chain management contracts above a prescribed value (give value) for 2018   | No       | none                               |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 2018 | No       | none                               |
| Contracts agreed in 2018 to which subsection (1) of section 33 apply, subject to subsection (3) of that section  | No       | none                               |
| Public-private partnership agreements referred to in section 120 made in Year 2018   | No       | none                               |
| All quarterly reports tabled in the council in terms of section 52 (d) during Year 2018  | Yes      | 2-May-18                           |

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipality's website address is <http://www.mosselbay.gov.za>. All information required by law as well as general information on the Municipality is placed on the website.

Each department within the Municipality has a trained administrator with access to the website to upload documents and information relevant to the particular department.

## **CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)**

### **COMPONENT A: BASIC SERVICES**

#### **3.1 WATER PROVISION**

##### **INTRODUCTION TO WATER PROVISION**

The water services infrastructure consists of various raw water sources including the Wolwedans Dam, Klipheuwel Dam, Ernest Robertson Dam as well as boreholes. Raw water pipelines convey the untreated water to a total of seven water purification plants situated throughout the municipal area. From the various water purification plants, as well as a desalination plant, the treated water is pumped via 30 pump stations into 55 reservoirs.

The total design capacity for the seven water purification plants, as well as the desalination plant, is 72.3 Megalitres per day. The average daily volume of water purified, during the 2017/2018 financial was 20.5 Megalitres per day. The water usage increased to 25.8 Megalitre per day during December 2017. This means that there is between 46.5 and 51.8 Megalitre per day spare capacity available.

The 2017/2018 financial year incorporated various actions that contributed towards the reduction of real losses in the Mossel Bay water network. Mossel Bay Municipality embarked on the installation of a smart water metering solution focused on the replacement of aged, high consumer meters with state of the art smart water meters as well as installation of meter interface units onto pre-selected meters located throughout the suburbs of Mossel Bay City, Dana Bay, Heiderand, Bayview, Reebok, Outeniqua Strand and Hartenbos.

The following key objectives were targeted with this project:

- Improvement of non-revenue water
- Replacement of a selection of aged consumer water meters
- Provision of accurate and reliable meter data via Automated Meter Reading (AMR) for management and billing concerns in line with municipal legislation resulting in reliable streamlined and automated billing runs providing revenue protection as well as enhancement
- Better identification and subsequent management of losses
- 1950 existing meters were replaced with smart water meters
- 10 consumer meters from the top 100 consumer list where replaced
- borehole meters were installed
- 1 borehole meter interface unit
- 10 Meter interface units onto bulk water meters throughout the city

The water and sewer systems in the Municipal area are managed by a sophisticated Adroit SCADA Telemetry system. The main function of the system is to control and monitor the levels in reservoirs and sewer sumps and to run Waste Water Treatment Works and Purification Plants automatically. Pumps and equipment are automatically switched on and off as the demand requires. Alarms such as high or low alarms are automatically activated and diverted to personnel in the different sections.

The following provides details of activities with regard to the water networks:

New water connections = 455  
Burst water pipelines repaired = 452  
Water meter related repair work = 950

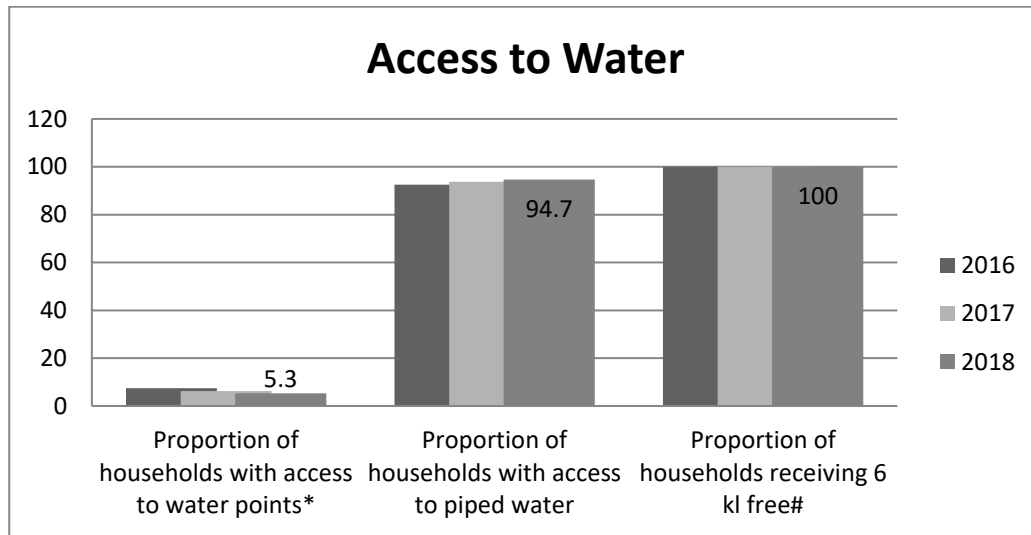
Water meters older than 10 years are replaced throughout the municipal area, on a continuous basis, as part of the water meter replacement program. The total number of water meters replaced during the 2017/2018 financial year were 624 as part of the operational budget. Additionally, 1 950 were replaced with smart meters as part of the capital water meter replacement project.

Old valves are replaced throughout the municipal area, on a continuous basis, to ensure that areas can be properly isolated when burst water pipes occur.

| <b>WATER SERVICE DELIVERY LEVELS<br/>HOUSEHOLDS</b> |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Description   | 2015<br>Actual<br>No. | 2016<br>Actual<br>No. | 2017<br>Actual<br>No. | 2018<br>Actual<br>No. |
| <b><u>Water: (above min level)</u></b>              |                       |                       |                       |                       |
| Piped water inside dwelling                         | 31,888                | 32422                 | 33802                 | 34500                 |
| Piped water inside yard (but not in dwelling)       | –                     | –                     | –                     | –                     |
| Using public tap (within 200m from dwelling )       | 137                   | 137                   | –                     | –                     |
| Other water supply (within 200m)                    | 2285                  | 2285                  | 2285                  | 1920                  |
| <b>Minimum Service Level and Above Sub-Total</b>    | <b>34310</b>          | <b>34844</b>          | <b>36087</b>          | <b>36420</b>          |
| <b>Minimum Service Level and Above Percentage</b>   | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           |
| <b><u>Water: (below min level)</u></b>              |                       |                       |                       |                       |
| Using public tap (more than 200m from dwelling)     | –                     | –                     | –                     | –                     |
| Other water supply (more than 200m from dwelling)   | –                     | –                     | –                     | –                     |
| No water supply                                     | –                     | –                     | –                     | –                     |
| <b>Below Minimum Service Level Sub-Total</b>        | <b>–</b>              | <b>–</b>              | <b>–</b>              | <b>–</b>              |
| <b>Below Minimum Service Level Percentage</b>       | <b>0%</b>             | <b>0%</b>             | <b>0%</b>             | <b>0%</b>             |
| <b>Total number of households</b>                   | <b>34310</b>          | <b>34844</b>          | <b>36087</b>          | <b>36420</b>          |

| <b>HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM<br/>HOUSEHOLDS</b> |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Description  | 2015<br>Actual<br>No. | 2016<br>Actual<br>No. | 2017<br>Actual<br>No. | 2017<br>Actual<br>No. |
| <b>Formal Settlements</b>  |                       |                       |                       |                       |
| Total households   | 31,888                | 32422                 | 33802                 | 34500                 |
| Households below minimum service level   | –                     | –                     | –                     | –                     |
| Proportion of households below minimum service level                               | 0%                    | 0%                    | 0%                    | 0%                    |
| <b>Informal Settlements</b>  |                       |                       |                       |                       |
| Total households   | 2,422                 | 2422                  | 2285                  | 1920                  |
| Households below minimum service level   | –                     | –                     | –                     | –                     |

| HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Description  | HOUSEHOLDS            |                       |                       |                       |
|  | 2015<br>Actual<br>No. | 2016<br>Actual<br>No. | 2017<br>Actual<br>No. | 2017<br>Actual<br>No. |
| Proportion of households ts below minimum service level      | 0%                    | 0%                    | 0%                    | 0%                    |



| ACCESS TO WATER |  |   |   |
|-----------------|--|---|---|
|                 | Proportion of households with access to water points | Proportion of households with access to piped water | Proportion of households receiving 6 kl free# |
| <b>2016</b>     | 7.5  | 92.5  | 100   |
| <b>2017</b>     | 6.3  | 93.7  | 100   |
| <b>2018</b>     | 5.3  | 94.7  | 100   |

Top 3 service delivery priorities:

1. Repair water pipe bursts within the timeframe as per the service standards from when reported - 100.00% water pipe bursts repaired within the required timeframe.
2. Provide excellent quality water in accordance with DWS standards
3. Replacement of old water meters and pipelines to minimise losses

| FINANCIAL PERFORMANCE 2018: WATER SERVICES |         |                 |                   |         | R'000              |
|--|---------|-----------------|-------------------|---------|--------------------|
| Details                                    | 2017    |                 | 2018              |         | Variance to Budget |
|  | Actual  | Original Budget | Adjustment Budget | Actual  |                    |
| Total Operational Revenue                  | 138,303 | 140,050         | 141,411           | 146,277 | 4%                 |



| FINANCIAL PERFORMANCE 2018: WATER SERVICES |         |                 |                   |         | R'000              |
|--|---------|-----------------|-------------------|---------|--------------------|
| Details                                    | 2017    | 2018            |                   | Actual  | Variance to Budget |
|  | Actual  | Original Budget | Adjustment Budget |         |                    |
| <b>Expenditure:</b>                        |         |                 |                   |         |                    |
| <b>Employees</b>                           | 18,000  | 24,905          | 24,885            | 15,067  | -65%               |
| <b>Repairs and Maintenance</b>             | 12,448  | 23,075          | 23,339            | 12,015  | -92%               |
| <b>Other</b>                               | 40,211  | 34,060          | 28,379            | 40,938  | 17%                |
| Total Operational Expenditure              | 70,659  | 82,041          | 76,603            | 68,020  | -21%               |
| Net Operational Expenditure                | -67,644 | -58,009         | -64,808           | -78,257 | 26%                |

| CAPITAL EXPENDITURE 2018: WATER SERVICES   |         |                   |                    |                               | R' 000              |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | Budget  | Adjustment Budget | 2018               | Variance from original budget | Total Project Value |
|  |         |                   | Actual Expenditure |                               |                     |
| <b>Total All</b>   | 31,476  | 30,661            | 29,801             | -6%                           |                     |
| <b>Furniture &amp; Office Equipment</b>  | –       | 6                 | 6                  | 100%                          |                     |
| <b>Replacement of Vehicles</b>   | 300     | 255               | 253                | -18%                          |                     |
| <b>Mechanical Plant &amp; Equipment-Little Brak</b>                                  | 600     | 534               | 527                | -14%                          |                     |
| <b>Laboratory Instrumentation and Equipment</b>                                      | 50      | 110               | 106                | 53%                           |                     |
| <b>Mechanical Plant &amp; Equipment - Sandhoogte</b>                                 | –       | –                 | 1                  | 100%                          |                     |
| <b>Replacement of Electrical Plant and Equipment - Sandhoogte</b>                    | 250     | –                 | –                  | -                             |                     |
| <b>Fencing Great Brak River WTW</b>  | 100     | 113               | 99                 | -1%                           |                     |
| <b>Upgrading of Friemersheim WTW</b>   | –       | 114               | 113                | 100%                          |                     |
| <b>New Connections</b>   | 500     | 952               | 1,039              | 52%                           |                     |
| <b>Furniture &amp; Office Equipment</b>  | 50      | 45                | 41                 | -22%                          |                     |
| <b>Telemetry: Expansion New System</b>   | 200     | 192               | 144                | -39%                          |                     |
| <b>New multi-purpose Trailer</b>   | 50      | 45                | 45                 | -11%                          |                     |
| <b>Replace Water Network Lines-All Areas</b>   | 2,300   | 2,300             | 2,204              | -4%                           |                     |
| <b>Installation of Intelligent Bulk Water meter Reading Devices</b>                  | 500     | 200               | 194                | -158%                         |                     |
| <b>New pipeline between Langeberg pumpstation and Bartelsfontein Reservoir</b>       | 1,000   | 872               | 870                | -15%                          |                     |
| <b>Water Management Solutions</b>  | 7,161   | 7,161             | 7,158              | 0%                            |                     |
| <b>Replacement of Vehicle: CBS 33235</b>   | 420     | 400               | 382                | -10%                          |                     |
| <b>Replacement of Fencing at Reservoirs</b>  | 250     | 153               | 33                 | -669%                         |                     |
| <b>Upgrade of Water Supply Pipeline from Little Brak WTW to Langeberg Reservoirs</b> | 6,755   | 6,755             | 6,755              | 0%                            |                     |
| <b>Upgrade of Water Supply Pipeline from Little Brak WTW to Langeberg Reservoirs</b> | 6754868 | 8,190,795         | 8,179,823          | 17%                           |                     |

| CAPITAL EXPENDITURE 2018:<br>WATER SERVICES  |         |                      |                               |  | R' 000                    |
|--|---------|----------------------|-------------------------------|--|---------------------------|
| Capital Projects   | Budget  | Adjustment<br>Budget | 2018<br>Actual<br>Expenditure | Variance<br>from<br>original<br>budget | Total<br>Project<br>Value |
| Upgrade of Water Supply Pipeline from Langeberg Reservoirs to Very High Reservoirs - M.I.G | 859940  | -                    | -                             | -                                      |                           |
| Upgrade of Water Supply Pipeline from Langeberg Reservoirs to Very High Reservoirs - C.R.R | 1185927 | -                    | -                             | -                                      |                           |
| Replace one of the pumps at Grunter pump station with new one                              | 250000  | 268,330              | 265,996                       | 6%                                     |                           |
| Electronic measuring devices at boreholes  | 200000  | 100,000              | -                             | -                                      |                           |
| New Half Ton Bakkie for Desal and RO Plant   | 200000  | 154,303              | 162,953                       | -23%                                   |                           |
| Pipeline between Tweeling Dam and Great Brak River Water Treatment Works                   | 1200000 | 1,100,000            | 1,089,466                     | -10%                                   |                           |
| New Water Meters - Sonskynvallei Housing Project   | 120000  | 80,000               | 85,701                        | -40%                                   |                           |
| New Water Meters - Asazani Housing Project   | 65000   | 65,000               | -                             | -                                      |                           |
| New Water Meters - Herbertsdale Housing Project  | 154000  | 300,000              | -                             | -                                      |                           |
| Capital Spares – Pump stations - Water   | 0       | -                    | 8,976                         | 100%                                   |                           |
| Upgrading and Replacement of Valves  | 0       | 196,000              | 38,985                        | 100%                                   |                           |

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

**1. Upgrade of Water Supply Pipeline from Little Brak Water Treatment Plant to Langeberg Reservoir (Phase 3)**

- This project involves the systematic replacement of the existing 400 mm pipeline between the Little Brak Water Purification Plant and the Langeberg reservoir which has been in service for over 30 years and is in a poor condition. Phase 3 of this 800-mm diameter Glass Fibre Reinforced Pipe (GRP) pipeline project is a multi-year project spread over the 2016/2017 and 2017/2018 financial years. In the 2017/2018 financial year construction consisted of the installation of 3117 meter of 800 mm pipeline with associated GRP bends, air and scour valves with valve chambers. For the most part the pipeline route is situated within the roadway of a well-established residential area giving rise in the construction cost and due diligence in construction methodology. The reason for this waterline to keep up with the growing demand for water by the Mossel Bay community as well as making it possible to do maintenance to the existing bulk water pipelines without interruptions in the water supply to Mossel Bay. The new pipeline will be able to deliver around 735 l/s to accommodate the additional demand in the Mossel Bay area. The available budget for this project was R 8 190 795 excluding VAT (CRR) and R 6 754 878 excluding VAT (MIG). The total expenditure of the project was R 8 179 822 excluding VAT (CRR) and R 6 754 878 excluding VAT (MIG).

**2. Replace water network pipelines (All areas)** - Due to frequent burst water pipes in Outeniqua Strand the following lengths of asbestos cement water pipelines were replaced with new PVC pipes: 160 mm diameter =

1240 m, 110 mm diameter = 760 m, 90 mm diameter = 180 m. Various new isolating valves and fire hydrants were also installed.

The available budget for this project was R 2 300 000 excluding VAT (CRR). The total expenditure of the project was R 2 203 848 excluding VAT (CRR).

**3. New pipeline between Langeberg pump station and Bartelsfontein reservoir (Phase 1)** – Phase 1 of this project is a multi-year project that commenced during the 2016/2017 financial year and was completed during the 2017/2018 financial year. Phase 1 of the project consisted of the installation of the following pipelines: Ductile Iron pipes: 300 mm diameter = 750 m and PVC pipes: 315 mm diameter = 1721 m. The reason for the new pipeline is to keep up with the growing demand for water by the Mossel Bay community.

The available budget for this project during the 2017/2018 financial year was R 871 683 excluding VAT (CRR). The total expenditure of the project during the 2017/2018 financial year was R 871 583 excluding VAT (CRR).

**4. Pipeline between Tweeling Dam and Great Brak Water Treatment Works** – This project consisted of the installation of 1080 m of 250 mm PVC pipeline and the construction of a concrete intake structure as well as a concrete outlet structure. The pipeline was installed to replace the previous open trench to reduce water loss due to evaporation as well as infiltration. The available budget for this project was R 1 100 000 excluding VAT (CRR). The total expenditure of the project was R 1 089 466 excluding VAT (CRR).

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

From the consumers' sewerage is conveyed through approximately 512 km gravity sewer pipelines to 73 sewer pump stations situated throughout the municipal area. From the pump stations the sewerage is pump through approximately 41 km of rising main pipelines to a total of seven wastewater treatment plants situated throughout the municipal area. The total design capacity for the seven wastewater treatment plants is 22.54 Megaliter per day. The current combined average daily inflow for the seven wastewater treatment plants is 10.7 Megaliter per day.

The following provides details of activities with regard to the sewer network:

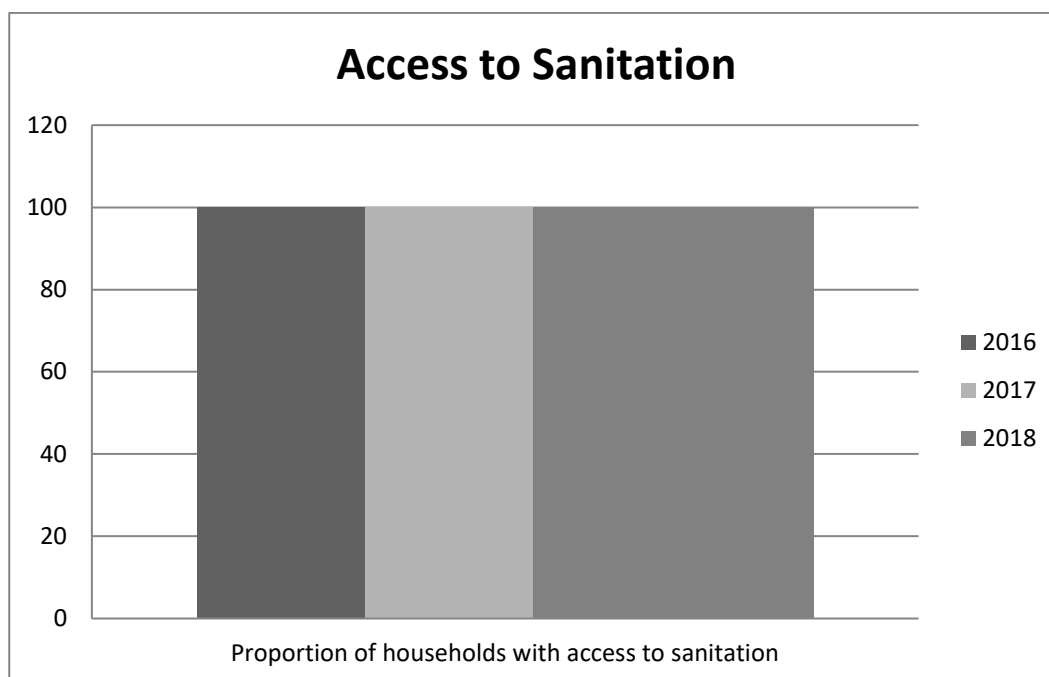
New sewer connections = 342

Blockages opened = 3512

A high level of blockages occurred in especially the Asla Park and KwaNonqaba area because of items such as disposable nappies finding their way into the system. Vandalism in the form of rocks, stones and other foreign material thrown into manholes also cause problems periodically. The illegal discharge of foreign objects/material into the municipal sewer networks causes unnecessary blockages and adversely impacts on the operation of the Waste Water Treatment Works.

| SANITATION SERVICE DELIVERY LEVELS                       |                        |                        |                        |                       |
|--|------------------------|------------------------|------------------------|-----------------------|
| Description  | *HOUSEHOLDS            |                        |                        |                       |
|  | 2015<br>Outcome<br>No. | 2016<br>Outcome<br>No. | 2017<br>Outcome<br>No. | 2018<br>Actual<br>No. |
| <b><i>Sanitation/sewerage: (above minimum level)</i></b> |                        |                        |                        |                       |
| Flush toilet (connected to sewerage)                     | 26,623                 | 27034                  | 28189                  | 28317                 |
| Flush toilet (with septic tank)                          | 5,285                  | 5431                   | 5030                   | 5102                  |
| Chemical toilet  | –                      | –                      | –                      | –                     |
| Pit toilet (ventilated)                                  | 30                     | 30                     | 30                     | 4                     |
| Other toilet provisions (above min. service level)       | 2,285                  | 2285                   | 2285                   | 1920                  |
| <b><i>Minimum Service Level and Above Sub-Total</i></b>  | <b>34223</b>           | <b>34780</b>           | <b>35534</b>           | <b>35343</b>          |
| <b><i>Minimum Service Level and Above Percentage</i></b> | <b>99.6%</b>           | <b>99.6%</b>           | <b>99.0%</b>           | <b>99.6%</b>          |
| <b><i>Sanitation/sewerage: (below minimum level)</i></b> |                        |                        |                        |                       |
| Bucket toilet  | 137                    | 137                    | 350                    | 126                   |
| Other toilet provisions (below min. service level)       | –                      | –                      | –                      | –                     |
| No toilet provisions                                     | –                      | –                      | –                      | –                     |
| <b><i>Below Minimum Service Level Sub-Total</i></b>      | <b>137</b>             | <b>137</b>             | <b>350</b>             | <b>126</b>            |
| <b><i>Below Minimum Service Level Percentage</i></b>     | <b>0.4%</b>            | <b>0.4%</b>            | <b>1.0%</b>            | <b>0.4%</b>           |
| <b>Total households</b>                                  | <b>34360</b>           | <b>34917</b>           | <b>35884</b>           | <b>35469</b>          |

| HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM |            |        |        |                    |                            |        |
|---|------------|--------|--------|--------------------|----------------------------|--------|
| Description   | HOUSEHOLDS |        |        |                    |                            |        |
|   | 2015       | 2016   | 2017   | Original<br>Budget | 2018<br>Adjusted<br>Budget | Actual |
|   | Actual     | Actual | Actual |                    |                            |        |
|   | No.        | No.    | No.    | No.                | No.                        | No.    |
| Formal Settlements  |            |        |        |                    |                            |        |
| Total households  | 34223      | 34780  | 35534  | –                  | –                          | 35343  |
| Households below minimum service level                            | –          | –      | –      | –                  | –                          | –      |
| Proportion of households below minimum service level              | 0%         | 0%     | 0%     | –                  | –                          | 0%     |
| Informal Settlements  |            |        |        |                    |                            |        |
| Total households  | 2285       | 2285   | 2285   | 0                  | 0                          | 1920   |
| Households ts below minimum service level                         | 137        | 137    | 350    | 0                  | 0                          | 126    |
| Proportion of households ts below minimum service level           | 6%         | 6%     | 15%    | –                  | –                          | 7%     |



| ACCESS TO SANITATION                               |     |
|--|-----|
| Proportion of households with access to sanitation |     |
| 2016   | 100 |
| 2017   | 100 |
| 2018   | 100 |

Top 3 service delivery priorities:

1. Address blockages and overflows reported within the timeframe as per the service standards - 94.25% of blockages and overflows addressed within the required timeframe.
2. Eradication of bucket systems and replacement of septic tanks with water borne systems.
3. To ensure that the Waste Water Treatment Works are operated efficiently and that the rivers are not contaminated with poor quality effluent.

| FINANCIAL PERFORMANCE 2018: SANITATION SERVICES |        |                 |                   |        | R'000              |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | Variance to Budget |
|   | Actual | Original Budget | Adjustment Budget | Actual |                    |
| Total Operational Revenue                       | 79,737 | 83,893          | 85,740            | 84,371 | 1%                 |
| <b>Expenditure:</b>                             |        |                 |                   |        |                    |
| Employees                                       | 15,237 | 17,534          | 17,550            | 16,498 | -6%                |
| Repairs and Maintenance                         | 5,649  | 11,974          | 11,190            | 7,154  | -67%               |
| Other   | 24,820 | 18,791          | 25,976            | 21,850 | 14%                |

| FINANCIAL PERFORMANCE 2018: SANITATION SERVICES |         |                 |                   |         | R'000              |
|---|---------|-----------------|-------------------|---------|--------------------|
| Details   | 2017    |                 | 2018              |         | Variance to Budget |
|   | Actual  | Original Budget | Adjustment Budget | Actual  |                    |
| Total Operational Expenditure                   | 45,706  | 48,299          | 54,716            | 45,503  | -6%                |
| Net Operational Expenditure                     | -34,031 | -35,594         | -31,024           | -38,869 | 8%                 |

| CAPITAL EXPENDITURE 2018: SANITATION SERVICES  |        |                   |                    |                               | R' 000              |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | Budget | Adjustment Budget | 2018               |                               | Total Project Value |
|  |        |                   | Actual Expenditure | Variance from original budget |                     |
| <b>Total All</b>   | 10,915 | 15,084            | 14,328             | 24%                           |                     |
| <b>Mechanical Plant and Equipment-Pinnacle Point</b>                                       | 200    | 140               | 140                | -43%                          |                     |
| <b>Furniture &amp; Office Equipment</b>  | –      | 69                | 59                 | 100%                          |                     |
| <b>Machinery &amp; Equipment</b>   | 10     | 1                 | 1                  | -1800%                        |                     |
| <b>Fencing and Ancillary Works - Regional Plant</b>  | 50     | 35                | –                  | -                             |                     |
| <b>Upgrading of the Regional WWTW</b>  | –      | 3,123             | 2,922              | 100%                          |                     |
| <b>Upgrading of Herbertsdale sewer pump station to accommodate new housing development</b> | 1,000  | 990               | 987                | -1%                           |                     |
| <b>Replacement of sewer pipelines between Mossel Bay and Hartenbos</b>                     | 1,000  | 800               | 802                | -25%                          |                     |
| <b>Replacement of Vehicle: CBS 38677</b>   | 300    | 364               | 354                | 15%                           |                     |
| <b>New Level - Sensor for Sewer Pits</b>   | 55     | 55                | 46                 | -21%                          |                     |
| <b>New Connections</b>   | 180    | 310               | 382                | 53%                           |                     |
| <b>Upgrade Telemetry</b>   | 120    | 135               | 184                | 35%                           |                     |
| <b>Midbrak Main Sewer Network</b>  | 5,600  | 5,600             | 5,597              | 0%                            |                     |
| <b>Furniture &amp; Office Equipment</b>  | 50     | 25                | 25                 | -103%                         |                     |
| <b>New Multi-Purpose Trailer</b>   | 50     | 45                | 45                 | -11%                          |                     |
| <b>Refurbish New Sewer Lines: D'Almeida</b>  | 700    | 900               | 792                | 12%                           |                     |
| <b>Replace Sewer lines: Tarka</b>  | 900    | 900               | 454                | -98%                          |                     |
| <b>Construct retaining wall on Erf 3877, Menkenkop</b>                                     | 500    | 1,300             | 1,270              | 61%                           |                     |
| <b>Extend Friemersheim sewer network</b>   | –      | 54                | 54                 | 100%                          |                     |
| <b>Capacity increase of Great Brak River WWTW</b>  | –      | 39                | 38                 | 100%                          |                     |
| <b>Oil and Diesel in Water/Waste Water Analyser</b>  | 200    | –                 | –                  | -                             |                     |
| <b>Relocation of sewer pipeline: Mabolo and Makhubalo Street: KwaNonqaba</b>               | –      | 200               | 177                | 100%                          |                     |



## COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

**1. Midbrak Main Sewer Network (Phase 3)** – The Midbrak Main Sewer Network was identified and is being implemented as a multi-year project funded from by means of an external loan. Phase 3 of this project consisted of the following:

Construction of 1416 m x 450 mm diameter Glass Fibre Reinforced Pipe (GRP) pipeline with associated air valves, scour valves and a connection onto the existing bulk sewerage pipeline near Great Brak River Waste Water Treatment Works.

The available budget for this project was R 5 600 000 excluding VAT (Loan). The total expenditure of the project was R 5 597 080 excluding VAT (Loan).

**2. Upgrading of Maturation pond at Regional Waste Water Treatment Works** – The maturation pond has never been upgraded since the treatment works was constructed. The dam was filled with sludge particles from the effluent of the plant.

The project was a multi-year project that started in the previous financial year. About 50% of the project was completed in the previous year.

The available budget to complete the project was R3 000 000 excluding VAT (CRR). The total expenditure to complete the project was R 2 800 000 excluding VAT (CRR).

**3. Refurbish Sewer Lines: D'Almeida** – The purpose of this project is to systematically relocate sewer pipelines that are inaccessible.

The available budget for this project was R 900 000 excluding VAT (CRR). The total expenditure of the project was R 791 819 excluding VAT (CRR). Due to the death of the contractor appointed for this project, not all the funds could be spent. We will therefore apply for the funds to be rolled over to the 2018/2019 financial year.

**4. Replace Sewer Lines: Tarka** – Tarka is one of the oldest residential areas in Mossel Bay and therefore the existing sewer infrastructure has reached the end of its useful life. The purpose of this project is to replace the existing sewer pipelines with new PVC pipes and simultaneously increase undersized sewer pipe diameters.

The available budget for this project was R 900 000 excluding VAT (CRR). The total expenditure of the project was R 453 961 excluding VAT (CRR). Due to the death of the contractor appointed for this project, not all the funds could be spent. We will therefore apply for the funds to be rolled over to the 2018/2019 financial year.

## 3.3 ELECTRICITY

Electricity is purchased from Eskom with a notified maximum demand of 77,5MVA and is distributed under a NERSA licence to various industrial, commercial and domestic customers. The peak maximum demand is 65,5MVA with a spare capacity of 12MVA for future growth.

In 2017/18 electricity was supplied to 33 947 formal households, compared to 33 802 formal households of the previous year.

A total 1105 new connections were made in this financial year.

A total of 30 capital projects were successfully completed in line with the IDP and capital programme and achieved a 100% expenditure for the 2017/2018 financial year.

A total of 4398 preventative maintenance tasks were completed on electrical equipment to minimise break downs and to improve the quality of supply to all customers.

In addition to the above 26 operations were carried out to remove 1016 illegal connections.

| <b>ELECTRICITY SERVICE DELIVERY LEVELS<br/>HOUSEHOLDS</b> |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Description   | 2015<br>Actual<br>No. | 2016<br>Actual<br>No. | 2017<br>Actual<br>No. | 2018<br>Actual<br>No. |
| <b><u>Energy: (above minimum level)</u></b>               |                       |                       |                       |                       |
| Electricity (at least min. service level)                 | 4,767                 | 4,338                 | 4,576                 | 5,918                 |
| Electricity - prepaid (min. service level)                | 27,398                | 27,429                | 28,677                | 25,699                |
| <b>Minimum Service Level and Above Sub-Total</b>          | <b>32,165</b>         | <b>31,767</b>         | <b>33,253</b>         | <b>31,617</b>         |
| <b>Minimum Service Level and Above Percentage</b>         | <b>82.2%</b>          | <b>73.0%</b>          | <b>74.4%</b>          | <b>73.9%</b>          |
| <b><u>Energy: (below minimum level)</u></b>               |                       |                       |                       |                       |
| Electricity (< min. service level)                        |                       |                       |                       |                       |
| Electricity - prepaid (< min. service level) Indigent     | 6,949                 | 11,768                | 11,438                | 11,146                |
| Other energy sources                                      | –                     | –                     | –                     | –                     |
| <b>Below Minimum Service Level Sub-Total</b>              | <b>6,949</b>          | <b>11,768</b>         | <b>11,438</b>         | <b>11,146</b>         |
| <b>Below Minimum Service Level Percentage</b>             | <b>17.8%</b>          | <b>27.0%</b>          | <b>25.6%</b>          | <b>26.1%</b>          |
| <b>Total number of households</b>                         | <b>39,114</b>         | <b>43,535</b>         | <b>44,691</b>         | <b>42,763</b>         |

| <b>EMPLOYEES: ELECTRICITY SERVICES</b> |                  |           |                   |   |  |
|--|------------------|-----------|-------------------|---|--|
| Job Level                              | 2017             | Posts     | 2018<br>Employees | 2018<br>Vacancies (fulltime<br>equivalents) | 2018<br>Vacancies (as a<br>% of total posts) |
|  | Employees<br>No. |           |                   |   |  |
| <b>T4</b>                              | 20               | 20        | 20                | 0   | 0%   |
| <b>T5</b>                              | 5                | 5         | 5                 | 0   | 0%   |
| <b>T6</b>                              | 1                | 1         | 1                 | 0   | 0%   |
| <b>T7</b>                              | 7                | 7         | 6                 | 1   | 14%  |
| <b>T10</b>                             | 16               | 16        | 16                | 0   | 0%   |
| <b>T12 -T14</b>                        | 6                | 6         | 6                 | 0   | 0%   |
| <b>T17</b>                             | 1                | 1         | 1                 | 0   | 0%   |
| <b>Total</b>                           | <b>56</b>        | <b>56</b> | <b>55</b>         | <b>1</b>                                    | <b>2%</b>                                    |

### **New Main substation at Great Brak River**

This project is undertaken in phases and involves the construction of a building and the installation of new 11kV switchgear. Phase I of the project involved the construction of a new substation building at a cost of R1 160 000 (excl. VAT).

### **New 22kV Overhead line – Midbrak substation to Little Brak River Substation**

The construction of a 22kV Overhead line between the Eskom Intake substation at Midbrak and the Little Brak River substation was completed at a cost of R2 900 000 (Excl. VAT). The new 22 kV Overhead line of approximately 7 kilometres will function as a second incomer feeder to the Midbrak substation to ensure a stable supply to the Midbrak area.

### **Point Substation**

This project involved the replacement of all old and obsolete 11kV, oil insulated switchgear with modern SF6 type switchgear at the Point Substation. A total of five switchgears were replaced at a cost of R1 000 000. This upgrading will ensure that the Mossel Bay CBD has a more stable supply at all times.

### **Electrification Project**

The electrification project was undertaken in accordance with the Department of Energy policy guidelines. A total of 444 informal households were electrified in the Sonskynvallei, Sinethemba, PA Camp, Gentswana, Newrest areas in the 2017/18 financial year. The project involved the installation of medium voltage and low voltage electrical reticulation at a cost of R7 017 544 (excluding VAT).

| FINANCIAL PERFORMANCE 2018: ELECTRICITY SERVICES |         |                 |                   |         | R'000              |
|--|---------|-----------------|-------------------|---------|--------------------|
| Details  | 2017    | 2018            |                   | Actual  | Variance to Budget |
|  | Actual  | Original Budget | Adjustment Budget |         |                    |
| Total Operational Revenue                        | 411,033 | 392,498         | 393,393           | 394,770 | 1%                 |
| <b>Expenditure:</b>                              |         |                 |                   |         |                    |
| <b>Employees</b>                                 | 17,358  | 20,440          | 20,603            | 20,111  | -2%                |
| <b>Repairs and Maintenance</b>                   | 17,580  | 31,779          | 31,817            | 20,492  | -55%               |
| <b>Other</b>                                     | 276,255 | 267,409         | 265,294           | 277,864 | 4%                 |
| Total Operational Expenditure                    | 311,193 | 319,628         | 317,714           | 318,467 | 0%                 |
| Net Operational Expenditure                      | -99,841 | -72,871         | -75,679           | -76,303 | 4%                 |

| CAPITAL EXPENDITURE 2018: ELECTRICITY SERVICES  |        |                   |                            |                               | R' 000              |
|---|--------|-------------------|----------------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018<br>Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>  | 25,493 | 25,964            | 25,496                     | 0%                            |                     |
| <b>Replacement Network Hartenbos</b>  | 1,000  | 1,112             | 1,128                      | 1%                            |                     |
| <b>Replacement Network Low Voltage</b>  | 200    | 150               | 150                        | 0%                            |                     |
| <b>Infrastructure Middle Income Housing</b>   | 560    | 524               | 512                        | -2%                           |                     |
| <b>New 22kV Transmission Line Little Brak Sewerage Farm Phase 1 &amp; 2</b>               | 3,500  | 2,943             | 2,377                      | -24%                          |                     |
| <b>New Connections</b>  | 1,000  | 1,650             | 1,714                      | 4%                            |                     |
| <b>Capital Spares (Replace Mini Substations)</b>  | 1,500  | 1,300             | 1,300                      | 0%                            |                     |
| <b>Replace MV Ring Main Units</b>   | 800    | 1,483             | 1,482                      | 0%                            |                     |
| <b>Electrification Projects</b>   | 7,018  | 7,018             | 6,988                      | 0%                            |                     |
| <b>Electrification Projects - CRR</b>   | –      | –                 | 30                         | 100%                          |                     |
| <b>Tools &amp; Equipment</b>  | 220    | 220               | 211                        | -4%                           |                     |
| <b>Replacement of Vehicle: CBS 25950</b>  | 320    | 274               | 272                        | -1%                           |                     |
| <b>Replacement of Vehicle: CBS 33197</b>  | 320    | 274               | 272                        | -1%                           |                     |
| <b>Street Lights: Great Brak River Area</b>   | 100    | 250               | 249                        | 0%                            |                     |
| <b>Street Lights: Mossel Bay Area</b>   | 100    | 100               | 100                        | 0%                            |                     |
| <b>High mast and flood lights for various wards</b>                                       | 1,000  | 205               | 205                        | 0%                            |                     |
| <b>Electrical Workshop Upgrading</b>  | 150    | 114               | 150                        | 24%                           |                     |
| <b>Replace Low Voltage Network (Little Brak)</b>  | 400    | 303               | 303                        | 0%                            |                     |
| <b>Replace LV Overhead Lines with underground cable-Ward 13</b>                           | 300    | –                 | –                          | -                             |                     |
| <b>Replace LV Overhead Lines with underground cable-Ward 8</b>                            | 755    | 755               | 767                        | 2%                            |                     |
| <b>Ockre Substation</b>   | –      | 0                 | 0                          | 0%                            |                     |
| <b>Replace existing Long Street wooden poles with new Street Light Poles</b>              | 200    | 200               | 199                        | 0%                            |                     |
| <b>Install new 22kV Circuit Breaker at Dup Substation (Little Brak Intake Substation)</b> | –      | 195               | 195                        | 0%                            |                     |
| <b>Replace outdated switchgear: Point Substation</b>                                      | 1,000  | 927               | 936                        | 1%                            |                     |
| <b>Replace building and switchgear: Great Brak River Mani Sub</b>                         | 300    | 1,183             | 1,118                      | -6%                           |                     |
| <b>Cable Locators</b>   | 100    | 83                | 83                         | 0%                            |                     |
| <b>Replace LV Overhead Lines: Great Brak River</b>  | 500    | 520               | 520                        | 0%                            |                     |
| <b>Replace LDV CBS 33240</b>  | 320    | 265               | 262                        | -1%                           |                     |
| <b>New LDV</b>  | 320    | 271               | 269                        | -1%                           |                     |

| CAPITAL EXPENDITURE 2018: ELECTRICITY SERVICES                    |        |                   |                    |                               | R' 000              |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018               | Variance from original budget | Total Project Value |
|   |        |                   | Actual Expenditure |                               |                     |
| Trailer Great Brak River  | 40     | 65                | 63                 | -3%                           |                     |
| 4X4 Truck with Crane  | 2,500  | 2,135             | 2,134              | 0%                            |                     |
| Replace MV Overhead Lines: Great Brak River and Little Brak areas | 800    | 1,240             | 1,238              | 0%                            |                     |
| Furniture & Office Equipment                                      | 50     | 9                 | 57                 | 85%                           |                     |
| Machinery & Equipment - New                                       | –      | 48                | 44                 | -10%                          |                     |
| Machinery & Equipment - Replacements                              | –      | 19                | 35                 | 47%                           |                     |
| New Two - Way Radios  | 20     | 18                | 18                 | 0%                            |                     |
| Upgrading of Mechanical Workshop                                  | 100    | 114               | 114                | 0%                            |                     |

### 3.4 WASTE MANAGEMENT

#### INTRODUCTION TO WASTE MANAGEMENT

According to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); the municipality has a mandate to provide waste services.

The developed Mossel Bay Municipality Refuse Removal by-laws promulgated in 2010 were set to provide for procedures, methods and removal thereof.

The Mossel Bay Municipality strives to achieve targets set by the National Government for refuse collection, management of waste disposal facilities, street cleaning and waste minimisation.

Waste management is composed of three (3) sections within the Community Services Directorate, namely Refuse collection, Waste Disposal facilities, Ablution facilities.

The focus of the Waste Removal Section is the provision of waste removal services to residents on a continuous basis. Waste removal services are delivered on a weekly basis in the Mossel Bay municipal residential areas. The Municipality provides blue and black bags for the residents where blue bag is aimed at recycling. Waste removal in the Central Business District takes place daily depending on the number of removals arranged by businesses. Waste removal in the informal areas takes place on a weekly basis.

The Waste Management Department engages with Councillors and Ward Committees to provide refuse bags to residents in the informal settlements. The bags are distributed at points identified by Ward Committees and the Councillor. Refuse collection at the Island (Great Brak River), Buisplaas, KwaNonqaba and part of Asla Park, Brandwag, Ruitersbos and Friemersheim were outsourced to private contractors during the year.

The Mossel Bay Municipality has informal agreements with the private partners namely ROSE Foundation, Outeniqua Waste for the provision of facilities for the collection of used oil, electronic waste and used vehicle

tyres. The Municipality hosted four (4) open days for collection and disposal of household hazardous waste. During these open days the community is invited to dispose all their household hazardous which must be diverted from the landfill site. These events produced well desired results as the illegal dumping of electronic waste, tyres and oil has drastically reduced.

With the assistance of Nestle, Breede Gouritz Catchment Area (BGCMA), Eden DM, DEA: DP the municipality held various clean-up campaigns in the Municipal jurisdiction, the winner being the environment. The challenges regarding illegal dumping are not only immune to this municipality but the Pollution Control section of the municipality held open days at the Malls, did door to door campaign in Extension 12, Asla, Luthuli, Greenhaven and other areas in its war on illegal dumping initiatives.

Recycling services are provided to residents on the same day as refuse removal. The total recyclable waste diverted from landfill came to 7 % of total waste for the 2017/2018 financial year. Schools were also visited during the financial year to educate learners about illegal dumping and the need to recycle waste.

A pilot for home composting was launched in collaboration with the Eden District Municipality. A workshop was held for the residents who applied for the receptacles and equipment's for composting. Compost bins, worms and containers for worm farming was donated to the participants. The participants will provide feedback to the EDM on monthly basis for the twelve (12) months.

There are four (4) operational waste facilities in Mossel Bay, namely the Louis Fourie Road garden waste site, the KwaNonqaba waste transfer station, the Sonskynvallei waste transfer station and the Great Brak River garden and building waste site. According to the recent DEA&DP departmental compliance audit as well as the external conducted at these sites, the Municipality scored above 75% for each operational site which indicates proper management of these facilities. The Department of Environmental Affairs (DEA) has licensed the Louis Fourie, Herbertsdale, Buisplaas and Great Brak River waste facilities with closure license. There are also two (2) site at Friemersheim and D'Almeida that currently in a process of being licensed. During the 2017/2018 financial as per the landfill closure provisions the municipality fenced the Great Brak River and the Louis Fourie Waste Disposal facilities, and at Herbertsdale, Friemersheim and D'Almeida installed boreholes for monitoring of ground water pollution. Twenty (20) internal audits were conducted at these facilities by the Environmental officers as well as four (4) external audits were also conducted by an independent service provider. One thousand three hundred and fifty-six (1356) routine inspections were also at all waste disposal facilities by the senior foreman's.

The second generation Integrated Waste Management Plan (IWMP) was developed and approved during the 2014/15 financial year. This document is a working tool for the Waste Management Department for the remainder of its term.

| SOLID WASTE SERVICE DELIVERY LEVELS              |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Description                                      | HOUSEHOLDS    |               |               |               |
|  | 2015          | 2016          | 2017          | 2018          |
|  | Actual<br>No. | Actual<br>No. | Actual<br>No. | Actual<br>No. |
| <i>Solid Waste Removal: (Minimum level)</i>      |               |               |               |               |
| <b>Removed at least once a week</b>              | 29            | 37            | 43            | 43            |
| <b>Minimum Service Level and Above Sub-Total</b> | 29            | 37            | 43            | 43            |

| SOLID WASTE SERVICE DELIVERY LEVELS               |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Description                                       | HOUSEHOLDS            |                       |                       |                       |
|   | 2015<br>Actual<br>No. | 2016<br>Actual<br>No. | 2017<br>Actual<br>No. | 2018<br>Actual<br>No. |
| <b>Minimum Service Level and Above percentage</b> | 98,1%                 | 98,4%                 | 98,5%                 | 98,2%                 |
| <i>Solid Waste Removal:</i> (Below minimum level) |                       |                       |                       |                       |
| Removed less frequently than once a week          | 29                    | 30                    | 37                    | 43                    |
| Using communal refuse dump                        | 10                    | 10                    | 10                    | 10                    |
| Using own refuse dump                             | 0                     | 0                     | 0                     | 0                     |
| Other rubbish disposal                            | 29                    | 30                    | 37                    | 43                    |
| No rubbish disposal                               | 0                     | 0                     | 0                     | 0                     |
| <b>Below Minimum Service Level Sub-Total</b>      | 1                     | 1                     | 1                     | 1                     |
| <b>Below Minimum Service Level percentage</b>     | 1,9%                  | 1,6%                  | 1,5%                  | 1,8%                  |
| Total number of households                        | <b>30</b>             | <b>38</b>             | <b>44</b>             | <b>44</b>             |

| HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM |                       |                       |                       |                           |                                   |               |
|--|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------------------|---------------|
| Description  | HOUSEHOLDS            |                       |                       |                           |                                   |               |
|  | 2015<br>Actual<br>No. | 2016<br>Actual<br>No. | 2017<br>Actual<br>No. | Original<br>Budget<br>No. | 2018<br>Adjusted<br>Budget<br>No. | Actual<br>No. |
|  | No.                   | No.                   | No.                   | No.                       | No.                               | No.           |
| Formal Settlements   |                       |                       |                       |                           |                                   |               |
| <b>Total households</b>  | 29                    | 30                    | 37                    | 39                        | 39                                | 39            |
| <b>Households below minimum service level</b>                      | –                     | –                     | –                     | –                         |                                   | 0             |
| <b>Proportion of households below minimum service level</b>        | 0%                    | 0%                    | 0%                    | 0%                        | 0%                                | 0%            |
| Informal Settlements   |                       |                       |                       |                           |                                   |               |
| <b>Total households</b>  | 2                     | 2                     | 2                     | 4                         | 4                                 | 4             |
| <b>Households below minimum service level</b>                      | 1                     | 1                     | 1                     | 2                         | 2                                 | 2             |
| <b>Proportion of households below minimum service level</b>        | 56%                   | 56%                   | 56%                   | 48%                       | 48%                               | 48%           |

| EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES |           |       |           |  |                                      |
|--|-----------|-------|-----------|--|--------------------------------------|
| Job Level                                  | 2017      |       | 2018      |  |                                      |
|  | Employees | Posts | Employees | Vacancies<br>(fulltime<br>equivalents) | Vacancies (as a<br>% of total posts) |
|  | No.       | No.   | No.       | No.                                    | %                                    |
| <b>0 - 3</b>                               | 73        | 192   | 73        | 0                                      | 0%                                   |
| <b>4 - 6</b>                               | 4         | 8     | 3         | 0                                      | 0%                                   |
| <b>7 - 9</b>                               | 8         | 17    | 9         | 2                                      | 12%                                  |
| <b>10 - 12</b>                             | 4         | 5     | 4         | 8                                      | 160%                                 |
| <b>13 - 15</b>                             | 1         | 1     | 1         | 6                                      | 600%                                 |

| <b>EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES</b> |           |       |           |                                  |                                   |
|---|-----------|-------|-----------|----------------------------------|-----------------------------------|
| <b>Job Level</b>                                  | 2017      |       | 2018      |                                  |                                   |
|   | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.   | No.       | No.                              | %                                 |
| <b>16 - 18</b>                                    | 1         | 1     | 1         | 10                               | 1000%                             |
| <b>19 - 20</b>                                    | 0         | 0     | 0         | 12                               | 0%                                |
| <b>Total</b>                                      | 91        | 224   | 91        | 38                               | 17%                               |

| <b>FINANCIAL PERFORMANCE 2018: WASTE MANAGEMENT SERVICES</b> |          |                 |                   |          |                    |
|--|----------|-----------------|-------------------|----------|--------------------|
| <b>Details</b>   | 2017     |                 | 2018              |          | <b>R'000</b>       |
|  | Actual   | Original Budget | Adjustment Budget | Actual   | Variance to Budget |
|  |          |                 |                   |          |                    |
| Total Operational Revenue                                    | 54,786   | 58,201          | 60,399            | 64,066   | 9%                 |
| <b>Expenditure:</b>  |          |                 |                   |          |                    |
| <b>Employees</b>   | 10,774   | 11,926          | 12,193            | 11,998   | 1%                 |
| <b>Repairs and Maintenance</b>                               | 1,452    | 1,686           | 1,690             | 1,231    | -37%               |
| <b>Other</b>   | 21,994   | 26,636          | 24,558            | 28,669   | 7%                 |
| Total Operational Expenditure                                | 34,220   | 40,248          | 38,441            | 41,898   | 4%                 |
| Net Operational Expenditure                                  | (20,566) | (17,953)        | (21,958)          | (22,169) | 19%                |

| <b>FINANCIAL PERFORMANCE 2018: WASTE DISPOSAL AND OTHER SERVICES</b> |        |                 |                   |        |                    |
|--|--------|-----------------|-------------------|--------|--------------------|
| <b>Details</b>   | 2017   |                 | 2018              |        | <b>R'000</b>       |
|  | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
|  |        |                 |                   |        |                    |
| Total Operational Revenue  | -      | -               | -                 | -      | -                  |
| <b>Expenditure:</b>  |        |                 |                   |        |                    |
| <b>Employees</b>   | 1,834  | 2,068           | 2,119             | 2,145  | 4%                 |
| <b>Repairs and Maintenance</b>                                       | 248    | 266             | 438               | 215    | -24%               |
| <b>Other</b>   | 1,264  | 1,090           | 1,978             | 1,665  | 35%                |
| Total Operational Expenditure  | 3,347  | 3,424           | 4,536             | 4,026  | 15%                |
| Net Operational Expenditure  | 3,347  | 3,424           | 4,536             | 4,026  | 15%                |



| CAPITAL EXPENDITURE 2018: WASTE MANAGEMENT SERVICES   |        |                   |                         |                               | R' 000              |
|---|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>  | 2,910  | 3,683             | 4,521                   | 36%                           |                     |
| <b>Bulk Containers</b>  | 150    | 329               | 328                     | 54%                           |                     |
| <b>Recycling Bins</b>   | 90     | 89                | 89                      | -1%                           |                     |
| <b>Furniture &amp; Office Equipment</b>   | 5      | 81                | 80                      | 94%                           |                     |
| <b>Decibel Meter</b>  | 120    | 148               | 148                     | 19%                           |                     |
| <b>Replacement of Vehicle: CBS 11917</b>  | 1,500  | 1,538             | 1,538                   | 2%                            |                     |
| <b>Rebuilding of compactor units</b>  | 480    | 255               | 85                      | -467%                         |                     |
| <b>Clocking system (KwaNonqaba Transfer Station)</b>  | 15     | –                 | –                       | -                             |                     |
| <b>Stormwater Management and surfacing at KwaNonqaba</b>  | 500    | –                 | –                       | -                             |                     |
| <b>Fencing of existing formalised rubbish dumping area at the back of Marikana Informal Settlement Graceland Street</b> | 25     | 19                | 19                      | -32%                          |                     |
| <b>Back hoe machinery</b>   | –      | 1,036             | 1,036                   | 100%                          |                     |
| <b>Guard house - Ablution Facilities: General</b>   | 25     | 116               | 116                     | 78%                           |                     |
| <b>Recycled Plastic Refuse Street &amp; Wheelie Bins</b>  | –      | 73                | 71                      | 100%                          |                     |
| <b>Restoration cost land fill site</b>  | –      | –                 | 1,011                   | 100%                          |                     |

#### COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The capital investment was focused on the replacement of the current outdated fleet to improve service delivery and to reduce repairs and maintenance costs associated with an outdated fleet. Bulk waste containers were procured to capacitate the disposal of in the informal settlements and as well on open spaces for the community to dispose garden and builder's rubble site.

#### SUCSESSES ACHIEVED DURING THE YEAR

- Continuous commitment and partnership with the ROSE Foundation for oil collection services and containers provided for the service;
- E-waste management services provided during this year with Outeniqua waste;
- Waste characterisation training conducted to the Waste Management personnel from Transfer Stations/Waste Disposal Sites.
- Fencing of the Great Brak River Waste Disposal Facility and Louis Fourie Waste Disposal Facility;
- Installation of boreholes at the Herbertsdale, Friemersheim and D'Almeida WDF's;
- Vermiculture and home compost pilot project enrolled to households in the Greater Mossel Bay area;
- Compilation of the waste infrastructure master plan.

#### CHALLENGES

- Illegal dumping of all waste types
- Sustainability of the recyclable waste swap shops
- Increasing blue bag participation rate by residents
- Limited resources in relation to expected outcomes
- Funding for the Regional landfill site
- Market for recycling / encouraging incentives for recycling

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

In national context Mossel Bay is no exception in facing a severe backlog in the provision of housing opportunities, especially to the lower income section of the community. The backlog is more than 10 000 families, which are officially captured on the Housing Demand Database.

During the financial year priority was given to serving erven on the Asazani / Ezinyoka project and the building of top structures on the Power town / Sonskynvallei as well as Herbertsdale housing projects. With the assistance of funding from the Western Cape department of human Settlements priority was also given to the planning of the Upgrading of Informal Settlements in terms of the Informal Settlement support. Programme to project implementation phase. The planning of a mixed housing development totally +/- 1 300 housing opportunities, comprising of low-income, middle income and social (rental) housing units located in the Louis Fourie Road area is in an advanced stage and tenders will be invited during the second half of 2018

In collaboration with the department of Human Settlement a title restoration project was initiated with the aim of transferring old housing stock to rightful owners. A total of 2800 properties are targeted in this project.

| PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING |   |                                     |  |
|---|---|-------------------------------------|--|
| Year end  | Total households<br>(including in formal and<br>informal settlements) | Households in formal<br>settlements | Percentage of HHs in formal<br>settlements |
| <b>2014</b>   | 28 700  | 24 748                              | 86.2%                                      |
| <b>2015</b>   | 29 177  | 25 225                              | 86.5%                                      |
| <b>2016</b>   | 30 725  | 26 225                              | 85.4%                                      |
| <b>2017</b>   | 32186   | 26686                               | 82.9%                                      |
| <b>2018</b>   | 31020   | 27220                               | 87.7%                                      |

| EMPLOYEES: HOUSING SERVICES |           |       |           |                                     |                                      |
|-----------------------------|-----------|-------|-----------|-------------------------------------|--------------------------------------|
| Job Level                   | 2016      |       | 2017/2018 |                                     |                                      |
|                             | Employees | Posts | Employees | Vacancies (fulltime<br>equivalents) | Vacancies (as a<br>% of total posts) |
|                             | No.       | No.   | No.       | No.                                 | %                                    |
| 0 - 3                       | 0         | 0     | 0         | 0                                   | 0%                                   |
| 4 - 6                       | 3         | 3     | 3         | 0                                   | 0%                                   |

| Job Level      | EMPLOYEES: HOUSING SERVICES |           |           |                                  |                                   |
|----------------|-----------------------------|-----------|-----------|----------------------------------|-----------------------------------|
|                | 2016                        | 2017/2018 |           |                                  |                                   |
|                | Employees                   | Posts     | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                | No.                         | No.       | No.       | No.                              | %                                 |
| <b>7 - 9</b>   | 2                           | 1         | 1         | 0                                | 0%                                |
| <b>10 - 12</b> | 2                           | 2         | 2         | 0                                | 0%                                |
| <b>13 - 15</b> | 2                           | 2         | 2         | 0                                | 0%                                |
| <b>16 - 18</b> | 0                           | 0         | 0         | 0                                | 0%                                |
| <b>19 - 20</b> | 0                           | 0         | 0         | 0                                | 0%                                |
| <b>Total</b>   | 9                           | 8         | 8         | 0                                | 0%                                |

The main Human Settlement Projects and initiatives in 2017/2018 were as follows:

The completion of phase 2 of the Power town/ Sonskynvallei top structures project wherein 105 households of the Power town Informal Settlement were relocated to Sonskynvallei and 47 beneficiaries from Sonskynvallei were also accommodated.

The completion of the upgrading and repairs to 206 existing top structures at Sonskynvallei at a project cost of R6,4 million.

The commencement with the building of 154 top structures at Herbertsdale of which 50 were completed end June 2018.

The completion of the planning of the upgrading of 21 informal settlements to project implementation phase.

The completion of a feasibility study for a mixed housing development located in the Louis Fourie corridor area comprising of +/- 1300 housing opportunities.

Maintenance of the Greenhaven flats at Great Brak River.

The completion of a survey of disabled and old community members in the KwaNonqaba, D'Almeida, Civic Park and Great Brak areas to benefit on a project to build bathrooms on to existing houses.

The implementation of a title restoration project targeting +/- 2600 old housing stock properties to be transferred to rightful owners.

| FINANCIAL PERFORMANCE 2018: HOUSING SERVICES |        |                 |                   |        | R'000              |
|--|--------|-----------------|-------------------|--------|--------------------|
| Details                                      | 2017   | 2018            |                   | Actual | Variance to Budget |
|  | Actual | Original Budget | Adjustment Budget |        |                    |
| Total Operational Revenue                    | 26,837 | 25,885          | 67,283            | 38,238 | 32%                |
| <b>Expenditure:</b>                          |        |                 |                   |        |                    |
| <b>Employees</b>                             | 2,956  | 3,600           | 3,382             | 3,195  | -13%               |
| <b>Repairs and Maintenance</b>               | 204    | 438             | 462               | 455    | 4%                 |

| FINANCIAL PERFORMANCE 2018: HOUSING SERVICES |        |                 |                   |         | R'000              |
|--|--------|-----------------|-------------------|---------|--------------------|
| Details                                      | 2017   | 2018            |                   |         | Variance to Budget |
|  | Actual | Original Budget | Adjustment Budget | Actual  |                    |
| <b>Other</b>                                 | 14,836 | 28,728          | 54,194            | 12,987  | -121%              |
| Total Operational Expenditure                | 17,996 | 32,767          | 58,038            | 16,637  | -97%               |
| Net Operational Expenditure                  | -8,841 | 6,881           | -9,245            | -21,600 | 132%               |

| CAPITAL EXPENDITURE 2018: HOUSING SERVICES   |        |                   |                    |                               |                     | R' 000 |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|--------|
| Capital Projects   | Budget | Adjustment Budget | 2018               | Variance from original budget | Total Project Value |        |
|  |        |                   | Actual Expenditure |                               |                     |        |
| <b>Total All</b>   | 100    | 15,145            | 3,865              | 97%                           |                     |        |
| <b>Asazani/Izinyoka Infrastructure</b>   | –      | 15,047            | 3,767              | 100%                          |                     |        |
| <b>Fencing of eastern boundary of the Diosma Reserve adjacent to Koraalboom Street</b> | 100    | 98                | 98                 | -2%                           |                     |        |

**COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:**

- The 515 job opportunities was created in EPWP Registered Housing Project in the financial year.
- A total of 10 community based sub- contractors were trained and employed on projects.
- A total of 780 of Housing Consumers underwent official housing consumer education.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

**INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT**

The objective of the Mossel Bay Municipality is to ensure that the procedures and guidelines, regarding indigent and poor household subsidies, are known to all. This is done by having permanent offices in different areas where applications for a subsidy can be made with the assistance of a person in charge of the office.

Special drives are also performed in the different wards where the community is invited to come and apply for a subsidy at a hall nearby and where they are also assisted with the completion of the applications.

**COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT**

Apart from the indigent subsidy which is funded from the Equitable Share, Mossel Bay also has a subsidy for poor households which is funded by Council. The subsidy for poor households also covers the basic fee for water, refuse removal and sanitation and has the same criteria as the indigent subsidy. The only difference between the

indigent and poor household subsidies is that the gross income of the poor household must not be more than three times the Government pension.

## COMPONENT B: ROADS

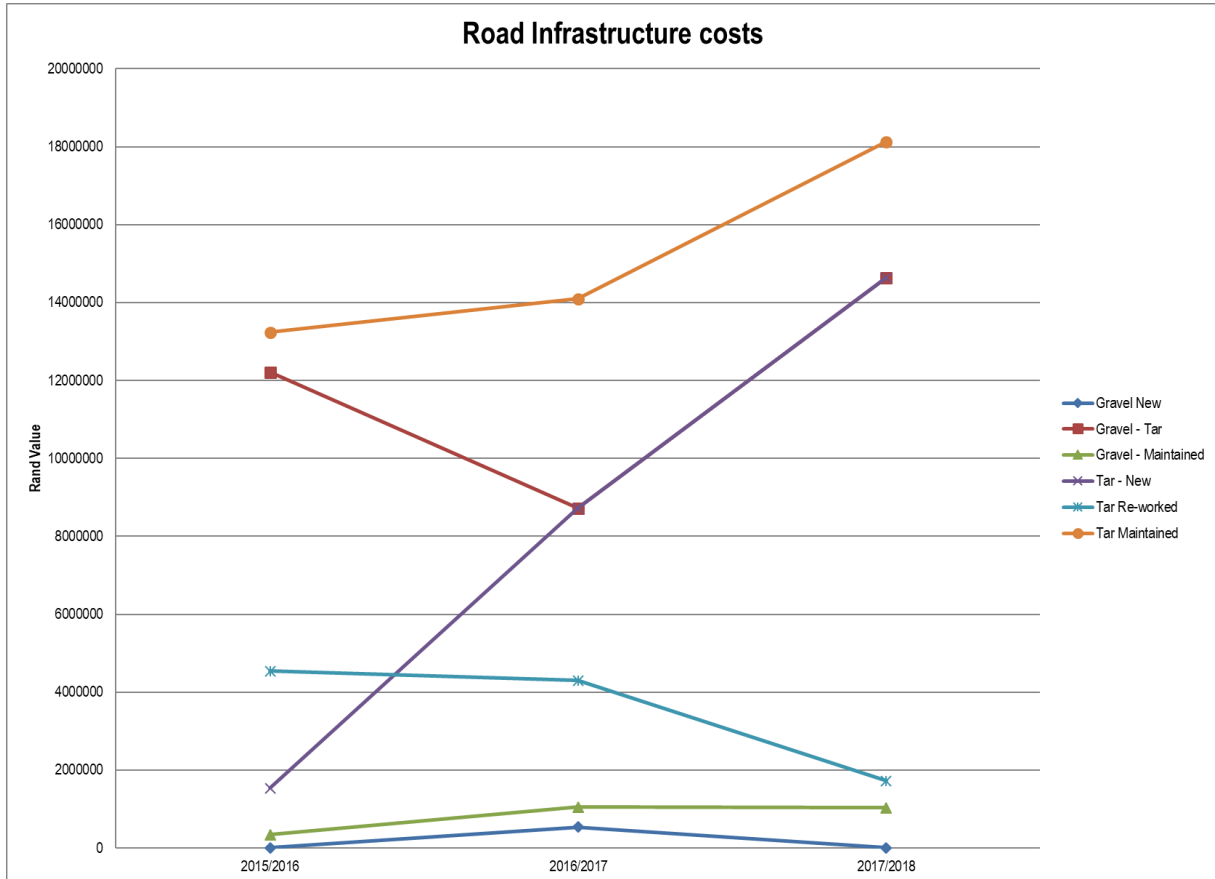
### 3.7 ROADS

Mossel Bay Municipality, as a road authority, have the obligation to provide a reliable, effective, efficient and integrated road network that supports the sustainable economic and social development objectives. The main objective of the Streets and Stormwater Department is to plan, design, construct and maintain the road network to protect the investment and to ensure the continual functionality of the transportation system.

| GRAVEL ROAD INFRASTRUCTURE |                    |                              |                              |  |
|----------------------------|--------------------|------------------------------|------------------------------|--|
|                            | Total Gravel Roads | New Gravel Roads Constructed | Gravel Roads Upgraded To Tar | Kilometres<br>Gravel Roads Graded/Maintained |
| 2015/2016                  | 21,0               | 0                            | 2,6                          | 8,2  |
| 2016/2017                  | 18,9               | 0,51                         | 1,4                          | 10,2   |
| 2017/2018                  | 17,4               | 0                            | 2                            | 19   |

| TARRED ROAD INFRASTRUCTURE |                    |               |                             |   |
|----------------------------|--------------------|---------------|-----------------------------|---|
|                            | Total Tarred Roads | New Tar Roads | Existing Tar Roads Re-Build | Kilometres<br>Existing Tar Roads Reseal<br>Tar Roads Maintained |
| 2015/2016                  | 408,1              | 2,6           | 0,81                        | 25<br>3,5   |
| 2016/2017                  | 410,7              | 1,4           | 0,83                        | 42<br>1,92  |
| 2017/2018                  | 412,1              | 2,0           | 0,1                         | 20,3<br>2,2   |

| COST OF CONSTRUCTION/MAINTENANCE |        |                        |            |          |  |
|----------------------------------|--------|------------------------|------------|----------|--|
|                                  | New    | Gravel<br>Gravel - Tar | Maintained | New      | R' 000<br>Tar<br>Re-worked<br>Maintained |
| 2015/2016                        | 0      | 12211967               | 342299     | 1535335  | 4543069<br>13238778                      |
| 2016/2017                        | 541000 | 8722407                | 1048065    | 8722000  | 4293704<br>14100000                      |
| 2017/2018                        | 0      | 14640751               | 1029673    | 14640751 | 1725000<br>18126520                      |



| FINANCIAL PERFORMANCE 2018: ROAD SERVICES |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details                                   | 2017   |                 | 2018              |        | Variance to Budget |
|   | Actual | Original Budget | Adjustment Budget | Actual |                    |
| Total Operational Revenue                 | 10102  | 7731            | 8595              | 9287   | 17%                |
| <b>Expenditure:</b>                       |        |                 |                   |        |                    |
| Employees                                 | 8726   | 11053           | 10559             | 9659   | -14%               |
| Repairs and Maintenance                   | 23638  | 37157           | 38566             | 30453  | -22%               |
| Other                                     | 8224   | -1587           | 872               | 8658   | 118%               |
| Total Operational Expenditure             | 40588  | 46624           | 49997             | 48770  | 4%                 |
| Net Operational Expenditure               | 30485  | 38893           | 41402             | 39483  | 1%                 |

| FINANCIAL PERFORMANCE 2018: TRANSPORT SERVICES |        |                 |                   |        | R'000              |
|--|--------|-----------------|-------------------|--------|--------------------|
| Details  | 2017   |                 | 2018              |        | Variance to Budget |
|  | Actual | Original Budget | Adjustment Budget | Actual |                    |
| Total Operational Revenue                      | 0      | 0               | 0                 | 0      | -                  |
| <b>Expenditure:</b>                            |        |                 |                   |        |                    |
| Employees                                      | 403    | 449             | 440               | 442    | -2%                |
| Repairs and Maintenance                        | 592    | 631             | 564               | 304    | -108%              |
| Other  | 1318   | -572            | 1958              | 1180   | 148%               |
| Total Operational Expenditure                  | 2314   | 509             | 2963              | 1927   | 74%                |
| Net Operational Expenditure                    | 2314   | 509             | 2963              | 1927   | 74%                |

| CAPITAL EXPENDITURE 2018: ROAD SERVICES                          |        |                   |                    |                               | R' 000              |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | Budget | Adjustment Budget | 2018               |                               | Total Project Value |
|  |        |                   | Actual Expenditure | Variance from original budget |                     |
| <b>Total All</b>   | 23,869 | 25,138            | 25,770             | 7%                            |                     |
| Furniture & Office Equipment                                     | 50     | 63                | 62                 | 19%                           |                     |
| Machinery & Equipment  | 50     | 40                | 38                 | -31%                          |                     |
| Rehabilitate Botha Street  | 100    | 115               | 115                | 13%                           |                     |
| Pavements: CBD and Street Furniture                              | 550    | 606               | 558                | 1%                            |                     |
| Pavements: Stofile Short Street (1 cul de sacs) KwaNonqaba       | 150    | 133               | 132                | -14%                          |                     |
| Sidewalks: Townhall Walkway                                      | 50     | 88                | 88                 | 43%                           |                     |
| New Sidewalks: Ward 11   | 300    | 374               | 362                | 17%                           |                     |
| New Sidewalks: Ward 13   | 400    | 436               | 427                | 6%                            |                     |
| New Sidewalks: Ward 1  | 70     | 79                | 77                 | 10%                           |                     |
| Thembelihle Street - from Mayixhale to Mali Street               | –      | 1                 | –                  | -                             |                     |
| Mali Street and Sinethemba area                                  | 95     | 100               | 100                | 5%                            |                     |
| New Kerbs: S Mpoki Street  | –      | 28                | 33                 | 100%                          |                     |
| Pave Sidewalks: Oester Avenue, Boggomsbaai                       | 210    | 265               | 272                | 23%                           |                     |
| Upgrade sidewalk in Gleniqua East, Glentana                      | 500    | 500               | 500                | 0%                            |                     |
| Upgrading of sidewalks in Great Brak River                       | 120    | 120               | 133                | 10%                           |                     |
| New Short Streets: Ward One                                      | 300    | 380               | 378                | 21%                           |                     |
| Upgrade Short Streets: Ward 2                                    | 300    | 380               | 371                | 19%                           |                     |
| Extension of Essenhout Street from Louis Fourie to Bill Jeffery  | 6,657  | 6,694             | 7,422              | 10%                           |                     |
| Upgrade Frans Avenue, Asla Park                                  | 1,200  | 983               | 983                | -22%                          |                     |
| New Bus Stops/Taxi Embayments: Bill Jeffery and Mayixhale Street | 200    | 255               | 311                | 36%                           |                     |



| CAPITAL EXPENDITURE 2018: ROAD SERVICES  |        |                   |                         |                               | R' 000              |
|--|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects   | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| <b>New Bus Stops/Taxi Embayments: Adriaans Avenue</b>  | 300    | 380               | 306                     | 2%                            |                     |
| <b>Stofile Street</b>  | –      | 17                | 17                      | 100%                          |                     |
| <b>Replacement of Vehicles: CBS 33239</b>  | 350    | 364               | 354                     | 1%                            |                     |
| <b>Upgrade Municipal Office Parking Area GBR</b>   | 300    | 300               | 300                     | 0%                            |                     |
| <b>Upgrade of Gravel Roads &amp; S/W: Friemersheim</b>   | 2,053  | 2,092             | 2,091                   | 2%                            |                     |
| <b>Herbertsdale: Upgrade of Gravel Roads &amp; S/W Phases 1 &amp; 2</b>                                | 2,193  | 2,667             | 2,654                   | 17%                           |                     |
| <b>Herbertsdale: Upgrade of Gravel Roads &amp; S/W Phases 1 &amp; 2</b>                                | 262    | 262               | 306                     | 14%                           |                     |
| <b>KwaNonqaba - Upgrade of Gravel Roads &amp; S/W</b>  | 2,483  | 2,483             | 2,470                   | -1%                           |                     |
| <b>KwaNonqaba - Upgrade of Gravel Roads &amp; S/W</b>  | 276    | 276               | 274                     | -1%                           |                     |
| <b>Building of Parking Area: Mossel Bay Golf Course</b>  | –      | 44                | 44                      | 100%                          |                     |
| <b>Upgrade access road: Die Heuwelpad</b>  | 550    | 526               | 468                     | -18%                          |                     |
| <b>Rebuild Beyer Street: Little Brak River</b>   | 250    | 285               | 284                     | 12%                           |                     |
| <b>Upgrading of Point</b>  | 1,500  | 1,600             | 1,599                   | 6%                            |                     |
| <b>Formalization of GBR Municipal Yard</b>   | 400    | 372               | 372                     | -7%                           |                     |
| <b>Tow behind Mechanical Sweepers</b>  | 125    | 184               | 184                     | 32%                           |                     |
| <b>Municipal Emblem Flag: Great Brak Rivier</b>  | –      | 35                | 35                      | 100%                          |                     |
| <b>New Security System Schoeman Yard</b>   | 175    | 127               | 127                     | -38%                          |                     |
| <b>New Guardrails: Great Brak River</b>  | 100    | 101               | 101                     | 1%                            |                     |
| <b>New Guardrails: Glentana</b>  | 100    | 96                | 95                      | -5%                           |                     |
| <b>Construction of Curbs and Sidewalks: Sixaxeni Street Asla Park</b>                                  | 120    | 155               | 155                     | 23%                           |                     |
| <b>Construction of Curbs and Sidewalks: New Street</b>   | 200    | 255               | 248                     | 19%                           |                     |
| <b>Construction of a foot bridge (Wooden) between the Great Brak Municipal Offices and Pick 'n Pay</b> | 180    | 180               | 190                     | 5%                            |                     |
| <b>Parking Cape Road - Park School</b>   | 650    | 650               | 687                     | 5%                            |                     |
| <b>Pedestrian walkways &amp; sidewalks - Ward 10</b>   | –      | 48                | 48                      | 100%                          |                     |

#### COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The overall condition of the flexible paved road network is “good” with an average visual condition index of 81%. The percentage of roads in “poor” and “very poor” condition category is approximately 1%. The percentage of roads in the “fair” condition is 9%. This points to a good policy of routine maintenance being followed.

Periodic maintenance of flexible paved road is done by means of ultra-thin asphalt overlays, slurry seals or slurry and chip seal combinations.

The unpaved network is performing mostly on in-situ subgrades as gravel thickness is problematic on 85% of the gravel and road network. This indicates that the gravel network has a backlog in re-graveling needs.

#### CHALLENGE EXPERIENCED

The cost of resealing roads is increasing and R13,47 million (99,78%) of the reseal budget was spent. However, the current maintenance and rehabilitation needs, according to the pavement management system, is R38,5 million.

In the new financial year, new technologies like milling and rejuvenation will also be considered to replace old and dry bituminous pavements.

Walking is also a significant commuting mode and more non-motorised facilities, like sidewalks, will be provided. In the Central Business District, large progress has been made with replacing of the old concrete paving blocks and providing facilities for people with disabilities.

#### HIGHLIGHTS AND SUCCESSES

During the 2017/2018 financial year, more than 600 job opportunities were created by following labour intensive construction methods.

A large portion of the capital budget was used to upgrade gravel roads in Friemersheim, Herbertsdale, KwaNonqaba and Asla Park.

A new link road was built as a multi-year project linking Grunter Street with Louis Fourie Road. This road will shorten travelling distances and provide access to various new housing projects along the Louis Fourie Corridor.

### 3.8 STORM WATER DRAINAGE

#### INTRODUCTION TO STORM WATER DRAINAGE

There has been significant development in Mossel Bay area in recent years. Much of the development is on low-lying land close to natural watercourses and land close to the ocean.

Mossel Bay Municipality has upgraded and replaced various stormwater systems during the 2017/2018 financial year.

One of the larger stormwater projects was the upgrading of the Bakke Street stormwater system in D'Almeida. Special designed welded joint stormwater pipes with diameter up to 1,6m were used handling flow velocities up to 16m/s. Stilling basins and transition zones were built designed to handle supercritical flows of 4,4m<sup>3</sup>/s.

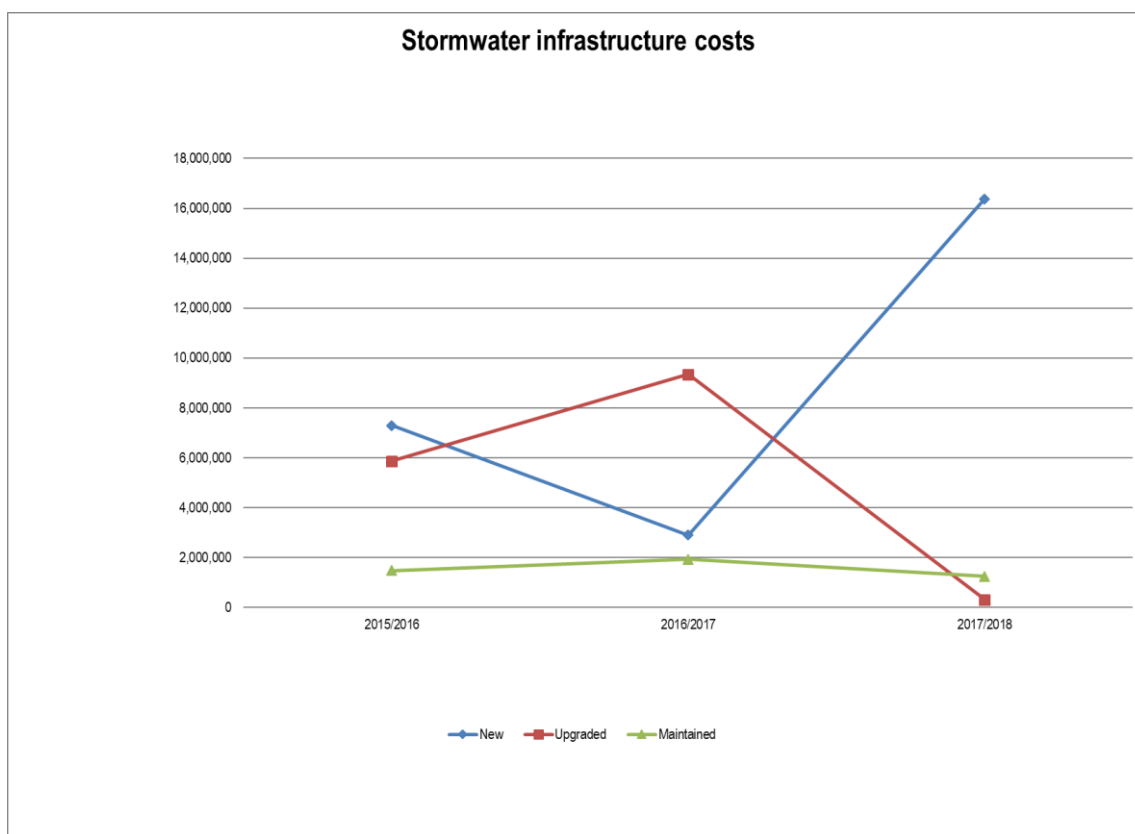
During 2017, Phase 2 of the Stormwater Integration and Modelling Report for the CBD had been completed. Phase 2 of the report concentrated on the hydrological aspects of the CBD stormwater system and a list of stormwater problem areas in the network along the project proposals for the identified problem areas of priority has been identified. The Powrie Street stormwater system is one of the systems that will be upgraded in the new financial year.

Mossel Bay Municipality has started to develop a single database for the CBD where all stormwater data can be viewed, queried, stored, added, maintained and expanded. This database would assist with identifying, prioritising and scheduling of necessary upgrades and maintenance to meet current and future infrastructure needs.

During 2018 an inspection and evaluation was done of the stormwater coastline outlets from Dana bay to Glentana. It was clear from the survey that allowance should be made in the design of the stormwater outlets for potential direct wave impacts, coastal flooding, long-term shoreline eroding, scour, wind-blown sand and storm surges.

| STORMWATER INFRASTRUCTURE |                           |                         |                              |   |
|---------------------------|---------------------------|-------------------------|------------------------------|---|
|                           | Total Stormwater measures | New stormwater measures | Stormwater measures upgraded | Kilometers Stormwater measures maintained |
| 2015/2016                 | 18                        | 1.7                     | 0.6                          | 16.1                                      |
| 2016/2017                 | 39                        | 0.8                     | 1.4                          | 36  |
| 2017/2018                 | 49                        | 2.0                     | 0,04                         | 47  |

| COST OF CONSTRUCTION/MAINTENANCE |                     |           |            | R' 000 |
|----------------------------------|---------------------|-----------|------------|--------|
|                                  | STORMWATER MEASURES |           |            |        |
|                                  | New                 | Upgraded  | Maintained |        |
| 2015/2016                        | 7 293 752           | 5 874 891 | 1 481 545  |        |
| 2016/2017                        | 2 900 000           | 9 350 000 | 1 931 775  |        |
| 2017/2018                        | 16 377 871          | 322 222   | 1 253 424  |        |



| FINANCIAL PERFORMANCE 2018: STORMWATER SERVICES |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | R'000              |
|   | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue                       | 1      | 4542            | 4542              | 4542   | 0%                 |
| <b>Expenditure:</b>                             |        |                 |                   |        |                    |
| <b>Employees</b>                                | 6768   | 7607            | 7426              | 7439   | -2%                |
| <b>Repairs and Maintenance</b>                  | 8044   | 15126           | 14858             | 8516   | -78%               |
| <b>Other</b>                                    | -2586  | -8162           | -8300             | -2185  | -274%              |
| Total Operational Expenditure                   | 12226  | 14571           | 13984             | 13770  | -6%                |
| Net Operational Expenditure                     | 12225  | 10028           | 9442              | 9227   | -9%                |

| CAPITAL EXPENDITURE 2018: STORMWATER SERVICES                          |        |                   |                    |                               |                     |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   |        |                   | 2018               |                               | R' 000              |
|  | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>   | 13,080 | 13,008            | 12,976             | -1%                           |                     |
| <b>New Soak-away, c/o Bloedrivier &amp; Vegkop</b>                     | 500    | 500               | 522                | 4%                            |                     |
| <b>Formalize SW Channels Great Brak River</b>                          | 500    | 500               | 500                | 0%                            |                     |
| <b>Erosion protection Suiderkruis</b>                                  | 300    | 300               | 299                | 0%                            |                     |
| <b>Improve Stormwater: Amy Searle Greenhaven</b>                       | 3,985  | 3,985             | 3,955              | -1%                           |                     |
| <b>Improve Stormwater: Amy Searle Greenhaven</b>                       | 455    | 455               | 484                | 6%                            |                     |
| <b>Upgrade S/W at Kiewit, Cupido, Sinkfontein to Alhof – D`Almeida</b> | 1,000  | 1,000             | 1,065              | 6%                            |                     |
| <b>New S/W Bakke/Mossel Street Watercourse</b>                         | 5,000  | 5,000             | 4,939              | -1%                           |                     |
| <b>Rehabilitation of embankment at E. Pinea Street, Danabaai</b>       | 240    | 161               | 134                | -79%                          |                     |
| <b>Improve stormwater system at P.Compacta, Danabaai</b>               | 100    | 100               | 95                 | -5%                           |                     |
| <b>Rebuild S/W network in Kerriehout Street</b>                        | 950    | 950               | 927                | -3%                           |                     |
| <b>Stormwater channel from Mooney to Frans-Adriaans</b>                | 50     | 58                | 58                 | 13%                           |                     |

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.9 PLANNING

#### INTRODUCTION TO PLANNING AND DEVELOPMENT

The revision of the planning legislation, specifically for Municipalities, started almost four years back with the promulgation of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013. Since then the Regulations for this Act was published as well as Western Cape Land Use Planning Act (LUPA), Act 3 of 2014 and its Regulations. As part of the National Planning Legislation Revision, Mossel Bay Municipality initiated a process of reviewing its respective Zoning Schemes. This took place in conjunction with the development of the Standard Draft Zoning Scheme By-Law (SZSB) by Western Cape Provincial Government (WCPG), Department of Environmental Affairs and Development Planning (DEA & DP). The SZSB was taken through an elaborate public consultation process both by WCPG and Mossel Bay Municipality.

| Detail                                | APPLICATIONS FOR LAND USE DEVELOPMENT |      |          |      |
|---------------------------------------|---------------------------------------|------|----------|------|
|                                       | Formalisation of Townships            |      | Rezoning |      |
|                                       | 2017                                  | 2018 | 2017     | 2018 |
| Planning application received         | 599                                   | 485  | 28       | 101  |
| Determination made in year of receipt | 569                                   | 465  | 24       | 80   |
| Determination made in following year  | 5                                     | 10   | 2        | 11   |
| Applications withdrawn                | 10                                    | 2    | -        | 3    |
| Applications outstanding at year end  | 15                                    | 8    | 2        | 7    |

#### MODEL STANDARD ZONING SCHEME BY-LAW

DEA & DP embarked on a process to develop the Standard Draft Zoning Scheme By-Law (SZSB). During this process many professionals from across the Provincial, Local Government and private sector spheres have participated to develop such model SZSB, which was also fully vetted by a legal team of the PGWC. Mossel Bay Municipality also worked in collaboration with the Western Cape Provincial Government throughout the process of drafting a Standard Zoning Scheme By-Law (SZSB) that Municipalities had to adjust to suit their municipal specific town planning needs. Subsequently amendments were done to the Draft By-Law to cater for Mossel Bay Municipality Municipal Area specific town planning needs.

#### PUBLIC PARTICIPATION

The first draft SZSB was advertised in the Provincial Gazette in June 2014. After comments were incorporated in the SZSB the second draft was advertised in May 2015. The comments received were also addressed and final changes applied to the document. The WCPG made the final draft SZSB available in March 2016 and the final document was released in June 2016. Minor changes were made to the SZSB to ensure consistency between the Mossel Bay Municipal Policies and development frameworks that takes into cognisance Mossel Bay Municipal area specific town planning needs. The public participation in respect of the draft Mossel Bay Zoning Scheme By-Law (MZSB) commenced in October 2016. Comments received on the draft MZSB were processed and amendments were applied where proposals were consistent with the legislative requirements.

#### FINAL ADOPTION

The amended SZSB to cater for Mossel Bay Municipal specific town planning needs was taken through a rigorous public participation process in which Council was constantly informed of and gave the go ahead on every step of

the process. The final Mossel Bay Zoning Scheme Bylaw was adopted by Mossel Bay Municipal Council in terms of Section 12 of the Municipal Systems Act, Act 32 of 2000 at a Council Meeting on 26 April 2017. In terms of Section 24(1) of the Spatial Planning and Land Use Management Act, 2013, Zoning Register and Zoning Maps are part of the Zoning Scheme. After Council adopted the Mossel Bay Zoning Scheme Bylaw, the Zoning Maps and Register were finalised and taken through a public participation process. The Mossel Bay Zoning Scheme Maps and Register were adopted by Council on 30 November 2017. The Mossel Bay Zoning Scheme Bylaw was published in the Provincial Gazette on 19 January 2018.

#### **PROPOSED AMENDMENTS TO THE MOSSSEL BAY MUNICIPALITY BY-LAW ON MUNICIPAL LAND USE PLANNING, MOSSSEL BAY ZONING SCHEME BY-LAW & RELEVANT POLICIES**

After implementation of the Zoning Scheme By-Law, it came under the attention of the Town Planning Section of the Municipality that certain amendments are required to address identified shortcomings. It was also identified that policies pertaining to land use control which contradicts the new Zoning Scheme By-Law should be amended or withdrawn. The Western Cape Provincial Government have also identified certain amendments which should be made to the Standard By-Law on Municipal Land Use Planning.

Since the amendments to the Mossel Bay Municipality By-Law on Municipal Land Use Planning, Zoning Scheme By-Law and relevant policies should follow the same process it was decided to combine the processes into a single process to save time and costs with regards to the public participation process. As all the documents speak to each other this will also simplify the public participation process and the public will have a better understanding of the proposed amendments. An item will be drafted and serve before Council before the end of 2018.

#### **MOSSSEL BAY SPATIAL DEVELOPMENT FRAMEWORK (SDF)**

The Mossel Bay Spatial Development Framework 2018 was approved in terms of the relevant planning legislation. The SDF was updated with relevant environmental and engineering information to give a more holistic view of the Mossel Bay environment and services infrastructure needed to give effect to the proposals contained in the SDF. The submission of the SDF as an Environmental Management Framework to the National Department of Environmental Affairs is still in process. Once approved the document will enable the municipality to render a more effective service regarding subsidised housing.

#### **AALWYNDAL PRECINCT PLAN**

Due to the locality and accessibility of Aalwyndal, the area was identified as a medium density urban expansion zone in the SDF. A precinct plan was developed to facilitate development in the area and to establish future services needs for the area. The status quo and development proposal documents were presented to the Aalwyndal property owners and the general public through public consultation. The Aalwyndal Precinct Plan was approved and will guide the future development of the area.

#### **HARTENBOS RIVER BASIN PRECINCT PLAN**

Due to conflict between development proposals and the Critical Biodiversity Areas located in the Hartenbos River Basin and estuary, the Municipality embarked on a precinct planning exercise for the Hartenbos River Basin. The Hartenbos river Basin is a crucial biodiversity area with natural vegetation and the Hartenbos River Estuary located in the study area. The area is also the gateway in the Hartenbos urban area. The status quo and development proposal documents were presented to the Hartenbos River Basin property owners and the general public through public consultation. The Hartenbos River Basin Precinct Plan was approved and will guide the future development and protection of the study area.

### SOCIAL INFRASTRUCTURE INVESTIGATION

Due to the everchanging municipal environment and the challenge of Mossel Bay Municipality to respond to the needs of its communities, it became apparent over the last few years that the provision of social infrastructure in Mossel Bay Municipality is happening on an ad hoc basis, not always responding to where it is most critically needed. The need was thus identified to develop a Social Infrastructure Plan for Mossel Bay Municipality. A draft document was drafted and will be finalised in the next few months.

### SUBSIDISED HOUSING PLANNING

Mossel Bay has embarked on a strategy to optimise well located municipal owned land for subsidised housing and other integration related uses. Well located municipal land is becoming scarce. The Department was involved in the development of a new housing concept with higher densities, to ensure optimisation of the remaining well located municipal land. The Department is also involved in the planning for the Upgrading of Informal Settlements Project which will see the upgrading of all existing informal settlements in the larger Mossel Bay Municipal area. This is a very complex planning exercise between various internal and external government departments.

The department facilitated planning evaluation of various other housing and service delivery projects to ensure a sustainable and liveable environment for all Mossel Bay citizens.

### MUNICIPAL PROPERTIES, INVESTOR INFORMATION AND INCENTIVES

The department facilitates the lease and sell of Municipal land in conjunction with legal services. With land being a scarce commodity within the South African context it became crucial to optimise the available land. The demand for social facilities is increasing as the population is growing and planning for the mentioned is of great importance. Job creation and the ability to attract investors is a priority. Numerous engagements and presentations were made to prospective property investors to promote economic development in the formal and informal sectors.

| EMPLOYEES: PLANNING SERVICES |      |     |      |     |
|------------------------------|------|-----|------|-----|
| Job Level                    | 2017 |     | 2018 |     |
|                              | No.  | No. | No.  | No. |
| 0 - 3                        |      |     |      |     |
| 4 - 6                        |      |     |      |     |
| 7 - 9                        | 2    | 4   | 2    | 2   |
| 10 - 12                      | 2    | 4   | 2    | 2   |
| 13 - 15                      | 1    | 1   | 1    |     |
| 16 - 18                      | 1    | 1   | 1    |     |
| 19 - 20                      |      |     |      |     |
| Total                        | 6    | 10  | 6    | 4   |

| FINANCIAL PERFORMANCE 2018: PLANNING AND DEVELOPMENT SERVICES |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | R'000              |
|   | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue                                     | 7319   | 8694            | 9148              | 9806   | 11%                |
| <b>Expenditure:</b>   |        |                 |                   |        |                    |
| <b>Employees</b>  | 11331  | 12691           | 12554             | 12521  | -1%                |
| <b>Repairs and Maintenance</b>                                | 177    | 335             | 234               | 345    | 3%                 |
| <b>Other</b>  | 4456   | 6107            | 5728              | 4875   | -25%               |
| Total Operational Expenditure                                 | 15964  | 19133           | 18516             | 17742  | -8%                |
| Net Operational Expenditure                                   | 8645   | 10438           | 9369              | 7936   | -32%               |

| CAPITAL EXPENDITURE 2018: PLANNING AND DEVELOPMENT SERVICES                   |        |                   |                    |                               |                     |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects  |        |                   | 2018               |                               | R' 000              |
|   | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>  | 1,445  | 1,371             | 1,222              | -18%                          |                     |
| <b>Machinery &amp; Equipment</b>  | –      | 7                 | 7                  | 100%                          |                     |
| <b>New Airconditioners - Municipal Offices</b>                                | 80     | 114               | 83                 | 4%                            |                     |
| <b>New Airconditioners - Municipal Offices Replacements</b>                   | 115    | 119               | 118                | 2%                            |                     |
| <b>KwaNonqaba Erf 146 Sewing Club Upgrade</b>                                 | 500    | 511               | 481                | -4%                           |                     |
| <b>Build-in cupboards for kitchen - Municipal Building in Thembani Street</b> | –      | 19                | –                  | -                             |                     |
| <b>Furniture &amp; Office Equipment-New-Erf 146 Thembani Street</b>           | –      | 48                | –                  | -                             |                     |
| <b>Greenhaven Erf 3869 New Creche Upgrade</b>                                 | 400    | 353               | 352                | -14%                          |                     |
| <b>Irrigation System at Technical Services Department</b>                     | 50     | 53                | 48                 | -5%                           |                     |
| <b>Municipal Buildings</b>  | 300    | 148               | 133                | -125%                         |                     |

**COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:**

With the implementation of the new legislation and population growth came new challenges. The department has accepted the challenges and is creating an organised planning environment with documents, strategies, policies and personnel in place to promote effective planning, which will ensure that the targets set in the IDP can be reached. The development of the Spatial Development Framework and the new Zoning Scheme is crucial instruments used by planners to ensure vibrant growing towns which can ensure every citizen can reach his or her full potential. The service rendered to the community is of a high standard with development land available to stimulate the local economy and create job opportunities.



### 3.10 BUILDING CONTROL, BUILDING MAINTENANCE AND OUTDOOR ADVERTISING

#### INTRODUCTION TO BUILDING CONTROL, BUILDING MAINTENANCE AND OUTDOOR ADVERTISING

The approval of building plan applications and Building Control functions are the responsibility of the sub-directorate, which is also responsible for the maintenance of Municipal buildings and the approval of Outdoor Advertising applications.

#### BUILDING CONTROL:

Over the past years there has been a distinct increase in the number of building plan applications submitted and the sub-directorate is busy finalising the process whereby building plan applications can be submitted electronically.

This section also administers and liaise with the Heritage and Aesthetics Advisory Committee to preserve the various heritage buildings within Mossel Bay.

| BUILDING PLANS APPROVED JULY 2016 - JUNE 2017         |             |
|---|-------------|
| BUILDING PLANS APPROVED/WRITE OFF/COMPLETED BUILDINGS |             |
| Plans Approved  | 1962        |
| Estimated Cost  | 977 632 090 |
| Square Meters   | 203243      |
| Completed Buildings                                   |             |
| Number Approved                                       | 889         |
| Estimated Cost  | 615 895 000 |
| Square Meters   | 129284      |

| BUILDING INSPECTIONS JULY 2017 - JUNE 2018                      |              |
|---|--------------|
| BUILDING INSPECTIONS EXECUTED/NOTICES ISSUED FOR TRANSGRESSIONS |              |
| Notices Issued  | 494          |
| Site  | 1639         |
| Foundation  | 752          |
| Floor / Damp layer  | 410          |
| Open Sewerage   | 908          |
| Progress Inspection   | 3635         |
| Roof  | 176          |
| Final   | 1169         |
| Routine / Follow up   | 3284         |
| Total   | <b>12467</b> |

#### BUILDING MAINTENANCE:

This section is responsible for the general maintenance of various Municipal owned properties. Planned maintenance, emergency repairs and building related insurance claims are handled by this section. Various upgrades and renovations have been made to sports stadiums, administrative offices, archives etc. and ad-hoc maintenance.

#### OUTDOOR ADVERTISING:

This section is responsible for the management and control of all Outdoor Advertising applications that include the administration, assessment and approval of applications in terms of the By-Law, liaise with the business sector, provincial roads, etc. on all outdoor advertising matters as well as the effective management and enforcement of illegal advertising signs.

The policy on renting of commercial advertising space for street pole advertising was adopted by Council and implemented, which could support economic growth by developing a platform for the marketing of products and services. It gives businesses the opportunity to rent commercial space for street pole advertising at a very affordable monthly fee.

### **3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**

Local Economic Development (LED) is one of the key developmental focus areas to ensure sustainability of the municipality of Mossel Bay and strives to facilitate economic growth by means of utilising the municipal areas competitive advances and create public value.

The 5-year IDP and the Spatial Development Framework and the Local Economic Develop Strategy is aligned to ensure that the municipal Vision (2018) is achieved, “We strive to be a trendsetting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity”. The Vision of the LED and Tourism Strategy (2018, 1) states that the municipality strives “to create better conditions for economic growth and employment generation to improve the quality of life of all residence of Mossel Bay Municipality through cooperation in an organised manner to facilitate and implement local economic deliverables”.

The division are driven by the municipal value system and optimal utilisation of available resources, human capital, tools and information to enable local communities on what can be achieved through private, local, provincial and national initiatives to create public value. Entrepreneurs are encouraged to inspire other local groups to take advantage of opportunities available and become self-reliant and not depended on the state for welfare. Therefore, the main objective is to create sustainable growth opportunities by collaborative partnerships with other NGO’s, NPO’s and private sector companies and set realistic goals (guidance) that improve the overall quality of life for all, reduce the unemployment rate and grow the local economy.

The Municipality commissioned a Participatory Assessment of Competitive Advantage (PACA process) utilising the in-house capacity to enable the municipality to make informed decisions based on the knowledge of the local economy’s competitive advantages and at the same time encourage, empower and motivate local economic drivers to implement practical short-term LED activities giving meaning to the LED slogan of growing the economy is everyone’s business and exploring endless horizons.

A strategic development approach was adopted which were to drive economic participation, broadening transformation, and broad-based black economic empowerment in Mossel Bay; response to poverty, income equality and pro-poor development; growing a sustainable and inclusive economy that benefits the people of Mossel Bay; new venture creation and small enterprise development; human capital development; ensure sustainable growth of the formal economy; ecological integrity; and job creation.

The following activities were implemented in line with municipal IDP, Budget, SDF and LED and Tourism Strategy:

#### LED COLLABORATIVE GOVERNANCE

| ACTIVITY  | DESCRIPTION   |
|---|---|
| <b>Mossel Bay Economic Development Forum</b>  | <p>A stakeholder Forum where role-players get together and debate on certain issues and exchanging ideas on economic development, harnessing healthy relationships to the benefit of the local economy and community. The dates of the quarterly engagements were 4 October 2017, 23 February 2018 and 26 June 2018.</p> <p>Forum consists of various stakeholders including all spheres of government, businesses, business organisations; entrepreneurs, community organisations and influential community leaders, councillors, senior management and LED officials of Mossel Bay Municipality.</p> <p>The PACA process also incorporated the stakeholder engagements.</p> |
| <b>Business / Stakeholder Queries &amp; Assistance</b>                                  | <p>The LED Office handled all queries and provided support through an open-door policy to businesses and stakeholders as requested and within the municipal mandate of creating an enabling environment.</p> <p>Monthly business &amp; stakeholder queries handled with the assistance of SEDA, Wesgro, WC Red Tape Reduction Unit and Eden District Municipality</p> <p>81 Walk- in clients was assisted throughout the year.</p>  |
| <b>Regional Socio-Economic Programme/<br/>Violence Prevention through Urban Upgrade</b> | <p>The programme was endorsed by the Department Environmental Affairs and Development Planning and approved by Mossel Bay Municipality. An application for assistance in formal development and funding was submitted.</p> <p>The programme is in progress, and includes 2 beehives and corridors that were identified for upgrade. The programme is accepted and approved by council in November 2017. The upgrading is planned to start in July 2018.</p>   |
| <b>Shared Economic Infrastructure Fund</b>  | <p>The Local Economic Development Office applied for further funding for the upgrade and establishment of new Beehives on the corner of Bill Jeffery and Mayixhale Street.</p> <p>The Bid Adjudication was on 23 October 2017 where the Municipality had to present it's offering with other Municipalities at the DTI offices in Pretoria.</p>   |

| ACTIVITY                                  | DESCRIPTION  |
|---|--|
|   | The co-funding was approved and the Beehives will be done by March 2019.   |
| <b>LED &amp; Supply Chain Summit</b>      | <p>A two-day summit was held on the 20<sup>th</sup> and 21<sup>st</sup> of November 2018. It was well attended by local government officials in Local Economic Development, Supply Chain Management and Integrated Development Planning.</p> <p>The aim of the summit to identify issues concerning supply chain management and how it can be utilised to address unemployment and promote local economic development.</p> <p>The municipality is investigating processes on a continuous basis to address these issues.</p> |
| <b>Learn to Earn Centre Investigation</b> | <p>The Learn to Earn Centre Programme assisted Mossel Bay Municipality to investigate the possibility on optimal utilisation of KwaNonqaba Beehives and hall and promote Local Economic Development.</p> <p>The site visit was on the 4 October 2017 and is still under consideration.</p>   |

#### EPWP INTERNAL FORUM MEETINGS AND WORKSHOP

The Expanded Public Works Programme (EPWP) was identified as an Infrastructure Project promoting labour intensive methods aiming to alleviate poverty. It evolved over the years and includes Infrastructure, Environmental and Social projects aimed to created employment opportunities assisting government to alleviate poverty in South Africa as whole as one way to implement the National Development Plan.

The Mossel Bay Municipality EPWP Programme seized the opportunity and works in cooperation with provincial and national government to realise job creation targets by implementing the programme within the municipality and creates employment opportunities in all three sectors; infrastructure, environment and culture and social.

The Municipality is currently in phase 3 of the EPWP programme, with the objective “to provide opportunities and income support to poor and unemployed people through labour-intensive delivery of public and community assets and services, thereby contributing to development”.

The Municipality created 803 employment opportunities and has recorded success stories, permanently employing people who started out on the EPWP programme. The following table outlines the projects implemented during the 2017/18 financial year and how many work opportunities were created.

#### EPWP PROJECTS AND JOBS CREATED

| PROJECTS                              | WORK OPPORTUNITY |
|---------------------------------------|------------------|
| <b>ECD &amp; The Haven Assistants</b> | 7                |
| <b>Beach Cleaning</b>                 | 29               |
| <b>Electrification</b>                | 27               |

| PROJECTS                                      | WORK OPPORTUNITY |
|---|------------------|
| Upgrade gravel roads Friemersheim             | 17               |
| Point Upgrade                                 | 7                |
| Interns                                       | 10               |
| Mayoral Youth Programme                       | 11               |
| Street Cleaning                               | 548              |
| Upgrade of water supply Little Brak           | 18               |
| Herbertsdale Top Structure                    | 13               |
| Upgrade of sidewalks                          | 23               |
| Beach Patrol                                  | 11               |
| Segment Paving                                | 13               |
| Upgrade of stormwater in De Bakke & D'Almeida | 13               |
| Extension of Essenhout                        | 15               |
| Upgrade Great Brak River & Outeniqua          | 7                |
| Upgrade of gravel road Herbertsdale           | 8                |
| Amy Searle                                    | 26               |
| <b>TOTAL WORK OPPORTUNITIES CREATED</b>       | <b>803</b>       |

Regular meetings were held for each project to ensure seamless implementation. Internal departmental meetings were held monthly to discuss the progress and internal issues in terms the implementation of the Expanded Public Work Programme.

#### SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)

Small, Medium and Micro Enterprise (SMME) Development is the new employment creation driver in local economies like Mossel Bay. It is also utilised in South Africa and the Global Economy to promote entrepreneurship. Research shown that Small Businesses are significant contributors to job creation, creating more than 50 % of all employment opportunities in South Africa. It is a worldwide phenomenon and its footprint can be seen within Mossel Bay Municipality in its Bee-Hives Programme, having long waiting lists and only limited facilities available.

Gideon Nieman in his book Small Business Management: A South African Approach (2006), stated that SMMEs in South Africa have become an important focus for policy makers because of its labour-absorption, low capital cost, competitive markets, adapting to local economies and external factors, utilization of local resources, aspiring of entrepreneurs, specific training and innovative ideals with the use of technology. It is also evident in Mossel Bay where high growths were recorded during this year.

The development of entrepreneurial skills and the support of Small business have therefore become the focus of the SMME's Development Division through Economic Development Policies and Programmes to create and enabling environment for SMME's, provision of quality business support services, access opportunities and resources that will enhance their competitiveness and ensure their sustainability.

The government, particularly with the championing by the Minister of Small Business Development, Minister Lindiwe Zulu, has committed to a high level of support for small business through a mix of tax concessions, grants and free advisory services.

The Municipality noted the need the importance of providing training, monitoring, counselling and Advice to Small Businesses and created opportunities for SMME Development through various interventions like:

- i. Designative areas for trading
- ii. Training and Development
- iii. Business Support Programme
- iv. Awareness Programmes
- v. SMME's Expo
- vi. Tourism Development
- vii. Investment Opportunities
- viii. Precinct Planning and
- ix. Marketing

The following interventions were undertaken by the unit for the period July 2017 – May 2018:

| ACTIVITY                                    | DESCRIPTION  |
|---|--|
| <b>Business Support Centre</b>              | <p>Business Support was provided to 658 clients who visited the SMME Development office.</p> <p>The following support was provided:</p> <ol style="list-style-type: none"> <li>a) Private Company registrations</li> <li>b) Registration of businesses on the Central Supplier Database (CSD)</li> <li>c) Registration with the Construction Industry Development Board (CIDB)</li> <li>d) Consultations</li> <li>e) Offering tender advice</li> <li>f) Referrals to relevant government departments for further assistance</li> </ol> |
| <b>Company Registrations and Compliance</b> | <p>Lodged 199 company registrations electronically on the Companies and Intellectual Properties Commission (CIPC) website.</p> <p>Assisted 41 clients with electronic submission of Annual Returns on the Companies and Intellectual Properties Commission (CIPC) website.</p> <p>Registration with the Construction Industry Development Board (CIDB).</p> <p>226 Businesses was registered on the Central Supplier Database (CSD).</p>   |
| <b>Workshops</b>                            | <p>A Business Skills workshop was hosted on the 13<sup>th</sup> of July 2017 in cooperation with SMME Development office and the Small Enterprise Development Agency (SEDA) and W&amp;W Consultants.</p> <p>The training was attended by 30 participants. Some of the topics that were covered include: Business Development, Organisational Development, Mentorships, Marketing and Financial Management.</p>   |

| ACTIVITY  | DESCRIPTION  |
|---|--|
| <p style="text-align: center;"><b>Awareness / Outreaches</b></p>          | <p>On Wednesday, <b>16 August 2017</b>, the SMME office in conjunction with the Small Enterprise Development Agency (SEDA) had an outreach in Sonskynsvallei. Assisted clients with client registration and explaining the various services that are offer to any start-up business.</p> <p>On Tuesday, <b>22 August 2017</b>, the SMME Development office was part of the “<b>Women in Business Skills Development Session</b>” that was organised by the Thusong Service Centre. A presentation was done on all the services that are rendered at the SMME office and the women was invited to visit the SMME office for any business assistance.</p> <p>On Thursday, <b>03 August 2017</b>, the SMME Development office together with a Business Advisor from the Small Enterprise Development Agency (SEDA) visited three businesses in the Bee-Hives to see where assistance can be given to help them grow their businesses. The businesses that were visited is situated in the Craft Art Workshops and the D’Almeida Bee-Hive.</p> <p>On Thursday, <b>28 September 2017</b>, an awareness drive was rolled out in Friemersheim where assistance was provided with registration of businesses. The process was explained what is needed after their business is registered and 6 clients with business registration.</p>              |
| <p style="text-align: center;"><b>Capacity Building and Training:</b></p> | <p>The SMME office in conjunction with the Small Enterprise Development Agency (SEDA) rolled out a Business Plan Training from the 4 - 8 of September 2017 that was facilitated by Garden Route Business Consultants. The training consisted of a full 5-day programme with the following topics: Business Overview; Risk analysis; Market; Finances and Financial projections. 30 Business owners attended the training each day and at the end of the training they received a certificate of attendance.</p> <p>This initiative was hosted an SME Technology Training on the 18 – 19 of October 2017 in conjunction with the University of the Western Cape (UWC) and it was facilitated by NEMISA. The programme was held at the D’Almeida Civic. Business owners had to submit application forms to attend the programme of which 34 completed the forms. The outcomes were to help SMME’s:</p> <ul style="list-style-type: none"> <li>• Increase potential in using mobile technology.</li> <li>• Understand how to effectively use applications to conduct key business functions.</li> <li>• Learn how to use digital devices for marketing.</li> <li>• On average 17 people attended the training.</li> </ul> <p>The Tender Training was done from 16 - 20 of October 2017 in conjunction with the Small Enterprise Development</p> |

| ACTIVITY                        | DESCRIPTION   |
|---------------------------------|---|
|                                 | <p>Agency (SEDA). The following topics were covered extensively:</p> <ul style="list-style-type: none"> <li>• Tendering Basics</li> <li>• Business Compliance</li> <li>• Costing and Pricing</li> </ul> <p>On average 23 people attended the training.</p> <p>An Enterprise Development programme was hosted by NEDBANK and facilitated by Franchising Plus. The first session was hosted from the 20 - 24 November 2017 at the KwaNonqaba Community Hall. The topics that were covered during the 5-day programme include:</p> <ul style="list-style-type: none"> <li>• Business Planning</li> <li>• Financial Management</li> <li>• Marketing &amp; Social Media</li> <li>• Customer Service</li> <li>• Human Resource Management</li> </ul> <p>The first group of attendees were business owners in Mossel Bay that registered their businesses at the SMME Office.</p> <p>The 2<sup>nd</sup> group started on the 27<sup>th</sup> November – 1<sup>st</sup> December 2017 at the KwaNonqaba Community Hall. The same headings were covered, but these group were from the Rural Nodes that were identified by the Rural Officers of Mossel Bay Municipality.</p> <p>The Intensive 4-day business development course on Emerging Business Support Programme for SMME business owners was held from 6 - 7 and 13 - 14 February 2018 at the Old Power Station at Santos. The programme was done in conjunction with the UWC's Centre for Entrepreneurship and innovation. The main topics were:</p> <ul style="list-style-type: none"> <li>• Business Development</li> <li>• Marketing and sales</li> <li>• Human Resources</li> <li>• Operations and Financial Management</li> </ul> <p>On average 33 business owners attended the programme.</p> |
| <b>KwaNonqaba Bee-Hives</b>     | <p>In this Bee-Hive is 2 Non-Profit Organisations: 1 Kids Toy Library And 1 HIV/Aids Support Group; and 8 other businesses:</p> <ol style="list-style-type: none"> <li>2 x Cleaning Chemicals Manufacturers</li> <li>Casket Manufacturing</li> <li>2 x Businesses Doing Textile &amp; Clothing</li> <li>Training</li> <li>Security Services</li> <li>Photography Services</li> </ol>  |
| <b>Adriaans Drive Bee-Hives</b> | <p>There are currently 8 small businesses trading with the following from this Bee-Hive:</p>  |



| ACTIVITY                              | DESCRIPTION  |
|---------------------------------------|--|
|                                       | <ul style="list-style-type: none"> <li>• Upholstery</li> <li>• Clothing Boutique</li> <li>• Laundromat</li> <li>• Printing and Stationery</li> <li>• Computer Shop</li> <li>• Air-Conditioning</li> <li>• Frozen Vegetables</li> <li>• Traditional Clothing and Herbs</li> </ul>   |
| <b>D`Almeida Bee-Hives (Erf 6412)</b> | <p>There are currently 11 small businesses trading from this Bee-Hive:</p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> Hand Clothing</li> <li>• Tyre Repairs</li> <li>• Trailer Hire</li> <li>• Hair Salon</li> <li>• Barber Shop</li> <li>• Cell Phone Repair Shop</li> <li>• Needle Work</li> <li>• R &amp; G Kitchen</li> <li>• Sabpenga General Trading</li> <li>• Alima's Baking</li> <li>• Tabaco Tin</li> </ul> |
| <b>Arts &amp; Craft Centre</b>        | <p>There are currently 8 artists working and selling their products from this centre:</p> <ul style="list-style-type: none"> <li>• Leather Products</li> <li>• Jewellery</li> <li>• Township Art Work</li> <li>• Paintings</li> <li>• Coffee Shop</li> <li>• Hair Salon</li> <li>• Needlework &amp; Sewing (Mossel Bay Products)</li> <li>• Sunset Curios</li> </ul>   |
| <b>Market Stalls</b>                  | <p>There are currently 10 small businesses trading from this Bee-Hive:</p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> Hand Clothing</li> <li>• Natural Skin</li> <li>• Health Products</li> <li>• Biltong Shop</li> <li>• Embroidery and Paintings</li> <li>• Art Shop</li> <li>• Take-Away/Deliveries</li> <li>• Recycle Art</li> </ul>  |
| <b>SMME Expo</b>                      | <p>The SMME Expo that was held on 11 May 2018 is an Initiative hosted on an annual basis by the Mossel Bay Municipality.</p>   |

| ACTIVITY | DESCRIPTION  |
|----------|--|
|          | <p>This year the event was held at the Old Power Station at Santos and attracted 52 small business owners and 11 government and private institutions consisting of 23 representatives.</p> <p>Day 1, 8 stakeholders made presentations on the services and initiatives that could benefit the small businesses:</p> <ul style="list-style-type: none"> <li>• South African Revenue Service (SARS)</li> <li>• National Youth Development Agency (NYDA)</li> <li>• Transnet National Port Authority (TNPA)</li> <li>• Nedbank</li> <li>• Standard Bank</li> <li>• Small Enterprise Development Agency (SEDA)</li> <li>• Small Enterprise Finance Agency (SEFA)</li> <li>• Supply Chain Management – MBM</li> </ul> <p>Stakeholders that exhibited at the event:</p> <ul style="list-style-type: none"> <li>• National Youth Development Agency (NYDA)</li> <li>• Small Enterprise Finance Agency (SEFA)</li> <li>• Small Enterprise Development Agency (SEDA)</li> <li>• MEDCA Finance</li> <li>• King Kong Paving</li> <li>• South African Revenue Services (SARS)</li> <li>• Transnet National Port Authority (TNPA)</li> <li>• Nedbank</li> <li>• Standard Bank</li> <li>• Local Economic Development (Mossel Bay Municipality)</li> <li>• TVR Decor</li> </ul> |

## RURAL DEVELOPMENT

### INTRODUCTION

The main goal of the Comprehensive Rural Development Programme is to inform the design and implementation of strategies and interventions for rural communities in the Mossel Bay Municipal Area to reduce rural poverty. The rural development model is to organise these communities into a legal structure that will enable them to network and link with strategic partners and to operate as per a business system.

#### Focus areas for the rural development office includes:

- Strengthening the capacity of rural people and promote development;
- Improving community-level infrastructure, facilities and services;
- Further extending and improving the social safety net for poor rural people; and
- Gradually improving the health and living standards of the poor in rural areas in general.

Provision of assistance promoting sectoral development, optimizing the responsibility of national, provincial and local government towards rural areas, extending support to vulnerable groups in rural nodes with the key focus on poverty-reduction initiatives as well as building a community.

The core function of the Rural Development Office is to facilitate and support rural development initiatives that is in line with the Comprehensive Rural Development Programme derived from the Comprehensive Rural Development Programme. The Comprehensive Rural Development Programme is focused on enabling rural people to take control of their destiny, with the support from government, and thereby dealing effectively with rural poverty through the optimal use and management of natural resources.

This will be achieved through a co-ordinated and integrated broad-based agrarian transformation as well as the strategic investment in economic and social infrastructure that will benefit the entire rural communities.

Nine rural communities have been identified and benefit under the rural development model, and are classified as rural nodes. These communities are scattered within the municipal area and does not have growth potential, but have unique challenges which needs to be addressed, and are listed below:

1. Brandwag
2. Ruitersbos
3. Sonskynvallei
4. Friemersheim
5. Toekoms
6. Vleesbaai
7. Greenhaven (Great Brak River)
8. Herbertsdale
9. Buisplaas

| INITIATIVE                                      | DESCRIPTION  |
|---|--|
| <b>Community Soup Kitchens</b>                  | Four soup kitchens were established in rural areas and are fully functional and are operated by volunteers. The soup kitchens are:<br>(1) Herbertsdale,<br>(2) Toekoms,<br>(3) Brandwag<br>(4) Jonkersberg.  |
| <b>Household Food Gardens</b>                   | The gardens of 10 Households Gardens in Jonkersberg are supported by the municipal rural development office and their crops produced are of a high quality. Transport to markets remain a challenge, but the office is exploring ways to assist the community.   |
| <b>Junior Great Brak River Soccer World Cup</b> | The main aim of the soccer world cup is to keep the scholars busy during the July holidays. Took place during the week of 17 July 2017 and the final were played on 22 July 2017. The clothing for the various teams were finalised and produced by Top Gear in George sponsored by Garden Route Casino Community Trust. |
| <b>Senior Great Brak River Soccer World Cup</b> | The Great Brak River Soccer World Cup Tournaments took place 2 January 2018 the finals were played on 6 January 2018. This soccer tournament was set to develop sport under the youth and fight crime and abuse. Event was sponsored by Ilita Lodge and Wonderful SA.  |
| <b>Food Security</b>                            | Food hampers were distributed in cooperation with Eden District Municipality as part of the Mandela day Programme in the communities of Brandwag, Sonskynvallei, Kleinberg, Jonkersberg, Buisplaas and   |

| INITIATIVE   | DESCRIPTION   |
|--|---|
|  | Bartelsfontein were distributed in July 2017 where 139 families benefited from the project.   |
| <b>Training and Development</b>                                | <p>Unemployed youth are trained by the Department of Agriculture at the Outeniqua test farm training facility. The training was as follow:</p> <ul style="list-style-type: none"> <li>• Entrepreneurship</li> <li>• Herbicide Application Skills Programme</li> <li>• Soil preparation &amp; Irrigation</li> <li>• Vegetable Production &amp; Fire fighting</li> <li>• Nursery management &amp; Welding</li> <li>• First Aid &amp; Safety representative</li> </ul> |
| <b>Sonskynvallei (Upgrading of Community Hall)</b>             | <p>The upgrade will consist of an extension of the existing library, a computer centre with computers and three classrooms that will serve as an afterschool care centre.</p> <p>An MOU between Mossel Bay Municipality and Mossel Bay Care Centre are in the process for both parties to undersign. The Mossel Bay Care Centre will continue with the afterschool programme and will be the tenant when the construction phase is completed in early 2019.</p>     |
| <b>Upgrading of Aloe Crèche</b>                                | <p>Aloe Crèche is located about 35 kilometers west from Mossel Bay in Buisplaas. There are approximately 345 people living in Buisplaas of which the pre-school children must attend the crèche</p> <p>The facility was registered on 22 April 2015 at the Department of Social Development and will expire 22 April 2020. The physical upgrading of the project started 10 July 2017 and were finalized on 28 July 2017.</p>                                       |
| <b>Upgrading of the Libraries in Buisplaas and Jonkersberg</b> | A donation from Direct Relief of Poverty and Sickness Foundation (DROPS) was received to upgrade of the libraries in Buisplaas and Jonkersberg.   |
| <b>Kolping Training with Department of Social Development</b>  | An assessment was done for the establishment of ward based Council of Stakeholders. The assessment was scheduled at the Intergovernmental Steering Committee Meeting for 25 October 2017 in Toekoms. The purpose of the assessment is to identify training needs and possibly incorporate it into the National Development Agency training programme in 2018.   |
| <b>Friemersheim Council of Stakeholders Support</b>            | The Council of Stakeholder was not operating but an intervention was undertaken. All the affairs is in order and function as per their constitution. An elderly party was held which was funded by Minister Fritz   |
| <b>Vleesbaai Council of Stakeholders</b>                       | <p>The Vleesbaai community and Council of Stakeholder identified a need for social support, specifically with the Department of Health, Substance Abuse, Social Grants and Home Affairs.</p> <p>A wellness day was hosted to bring these services to the community.</p>   |
| <b>Great Brak River / Herbertsdale Council of Stakeholders</b> | Community Members of Herbertsdale and Great Brak River identified a need for tanks, which was escalated to Breede Gouritz Catchment Management Agency (BGCMA).  |
| <b>Brandwag Council of Stakeholders</b>                        | The utilisation of the Brandwag community hall by the Management of the Communal Property Association was required and a Memorandum of Understanding was developed and will be finalised by all the stakeholders.   |

| INITIATIVE   | DESCRIPTION  |
|--|--|
| <b>Ruiterbos General Plan</b>                          | A discussion with the Mayor, Municipal Manager and the Department of Rural Development and Land Reform was started. A decision must be made regarding the General Plan of Ruiterbos and the release of funding to pay the land surveyor. A new General Plan was developed.   |
| <b>Nedbank Financial Training</b>                      | Unemployed youth in rural nodes we trained by Nedbank in collaboration with the SMME office of the Municipality.   |
| <b>Communal Property Association (CPA)</b>             | CPA's are in place in Jonkersberg, Friemersheim, Toekoms, Ruiterbos, Brandwag and Buisplaas.<br><br>Engagements with the CPA started with Mossel Bay Municipality on 28 August 2017. The purpose of the consultation sessions was to discuss land rights enquiries, transfer of communal land to communities, transfer of communal land to individuals already occupying subdivided portions, registration of communal land, choice on land administration entity, communal land board and dispute resolution. The inputs from the communities will be submitted to the Department of Rural Development and land reform to do amendments to the National Bill for CPA's. |
| <b>Substance Abuse and Local Drug Action Committee</b> | Awareness Programmes were rolled out in Vleesbaai, Buisplaas and Brandwag.<br>The focus of the program was to inform the community of the dangers and risk of alcohol abuse as well as the influence on families.  |
| <b>Substance Abuse Awareness Programme</b>             | A Substance Abuse Awareness Programme amongst the farm workers were rolled out on Dipperdal Farm as well as in Toekoms.<br><br>The purpose of the programme was to inform the farm workers what harms Alcohol and Drugs are causing to their bodies, the communities and the negative impact it has on their work.   |
| <b>Local Drug Action Committee (LDAC)</b>              | An Alcohol Harms Reduction Workshop was rolled out in April 2018. The purpose of the Workshop will be to pave the way forward for the activities of the LDAC.<br>A rehabilitation centre was identified and is in planning phase.  |
| <b>Family Support</b>                                  | A family in Jonkersberg lost all their possessions in a fire including their house. The family was assisted with cloths and toys to restore dignity.   |
| <b>Friemersheim Elderly Lunch</b>                      | A Christmas lunch for the elders in Friemersheim was held on 12 December 2017.   |
| <b>Brandwag Festival</b>                               | The Brandwag Festival was held on 26 August 2017 as part of the 20-year celebration of the Communal Property Celebration at the Brandwag Sportfield.   |
| <b>Information Sessions to Rural Nodes</b>             | An information drive was held to inform rural communities of the various services offered by government. Aspects that were discussed were the National Rural Youth Services Crops(NARYSEC), land distribution, land rights, rural enterprise development and registration of land.   |
| <b>Capacity building and strategic planning</b>        | A capacity building and strategic planning session was with all the Council of Stakeholders The following matters was discussed: <ul style="list-style-type: none"> <li>Functioning of the CoS within the Municipal space and in collaboration with Ward Committees towards a formalised engagement plan.</li> </ul>   |

| INITIATIVE  | DESCRIPTION   |
|---|---|
| <b>Sentraal Suid Koöperasie (SSK) Partnership</b> | <p>Membership for individuals and small farmer associations at the Sentraal-Suid Koöperasie. Provision of necessary exposure to opportunities within the SSK to upcoming farmers. SSK to enhance:</p> <ul style="list-style-type: none"> <li>• Partnership with commercial farmers to mentor small scale farmers; and</li> <li>• Training needs of the small farmers must be prioritised and rolled out.</li> </ul>   |
| <b>Gonna Honey</b>                                | <p>Friemersheim Multi-Purpose Cooperative was established in 2011 with a total of 20 members. The purpose of the Cooperative is to identify projects in the community of Friemersheim to boost and stimulate the local economy. The project was funded by the Department of Rural Development and Land Reform and the Department of Agriculture. The beehives are placed on agricultural land in Friemersheim and with commercial farmers in the surrounding area. The 180 beehives are still operational and 22 kilograms of honey was collected from the beehives for the month of February. The produce is locally packed and sold at flea markets.</p> <p>Some challenges within the project are the availability of land, transport, vandalism by baboons, not enough pollination and training and skills development.</p> |
| <b>Honey Bush Tea</b>                             | <p>Friemersheim farmers envisaged on farming with honey bush tea on a 16ha farm. The Cooperative has arranged with the local processor of the honey bush tea, who also cultivates and sell seeds to supply their wet material to them for processing. This farm has the potential to generate a profit of R90 000 in year 5 of operations. This venture requires R1 080 000 distributed in two years. The farmers envisaged to lease farms in and around the area, which is ideal as part of Phase 2 of this project. Challenges are: Funding and need to revise lease agreements.</p>  |
| <b>Herbertsdale Small Farms Association</b>       | <p>Herbertsdale Small Farmers Association is a registered legal entity that has a lease agreement with the Municipality to utilise Erf 24 in Herbertsdale for agricultural purposes. The Cooperative in collaboration with the Council of Stakeholders and the rural development office went to Erf 24 to investigate if aloe plants are indeed there, if it is accessible and if the product can be processed. The Cooperative has infrastructure available for processing, but needs the expertise of the Department of Agriculture. An aloe processing day was held in Herbertsdale. Challenges are: commitment of parastatals, by-in of unemployed youth and the lack of equipment for deforesting.</p>   |
| <b>Youth Development Support and Assistance</b>   | <p>The youth leader in Buisplaas requested assistance from the rural development office to develop a proposal to improve youth development is a focused workshop on substance abuse, education, training and economic development that was held.</p>  |

| FINANCIAL PERFORMANCE 2018: LOCAL ECONOMIC DEVELOPMENT SERVICES |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | R'000              |
|   | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue                                       | 9462   | 1797            | 2347              | 1730   | -4%                |
| <b>Expenditure:</b>   |        |                 |                   |        |                    |
| Employees   | 4321   | 5209            | 5056              | 4955   | -5%                |
| Repairs and Maintenance   | 51     | 138             | 128               | 99     | -40%               |
| Other   | 5539   | 6044            | 6751              | 6000   | -1%                |
| Total Operational Expenditure                                   | 9911   | 11391           | 11935             | 11054  | -3%                |
| Net Operational Expenditure                                     | 449    | 9594            | 9588              | 9324   | -3%                |

| CAPITAL EXPENDITURE 2018: ECONOMIC DEVELOPMENT SERVICES  |              |                   |                    |                               |                     |
|--|--------------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | Budget       | Adjustment Budget | 2018               |                               | R' 000              |
|  |              |                   | Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>   | <b>2,174</b> | <b>4,304</b>      | <b>2,478</b>       | <b>12%</b>                    |                     |
| Air Conditioner - Indoor Centre  | 15           | 15                | 15                 | 0%                            |                     |
| Paving-Erf 6412  | 200          | 200               | 200                | 0%                            |                     |
| New Cameras (Social)   | 6            | 20                | 19                 | 72%                           |                     |
| New Cameras (Youth)  | 6            | 5                 | 5                  | -8%                           |                     |
| Furniture & Office Equipment   | 2            | 2                 | 2                  | 2%                            |                     |
| Furniture & Office Equipment   | –            | 16                | 15                 | 100%                          |                     |
| Furniture & Office Equipment – New Socio-Economic Development                                    | 35           | 23                | 24                 | -48%                          |                     |
| Furniture & Office Equipment-New(Indoor)   | 25           | 20                | 20                 | -24%                          |                     |
| Furniture, Tools and Equipment-Donated Assets  | –            | –                 | 28                 | 100%                          |                     |
| Digital Camera   | 10           | 6                 | 6                  | -64%                          |                     |
| 2 X Telephone Head Sets for Call Centre  | 10           | 11                | 11                 | 9%                            |                     |
| Data Projector-Public Participation  | 15           | 5                 | 5                  | -185%                         |                     |
| Computer Desk Screen   | 10           | 7                 | 7                  | -44%                          |                     |
| Loud Hailer System for Bakkie  | 8            | 7                 | 7                  | -15%                          |                     |
| Erecting of Garage Door in Hartenbos   | 16           | –                 | –                  | -                             |                     |
| Erecting of containers at Ward 13, Mayixhale Street, Great Brak River and Taxi Rank at Asla Park | 400          | 420               | 418                | 4%                            |                     |
| Purchase of Sound System   | 30           | 22                | 22                 | -35%                          |                     |
| Clock Machine - Youth Café   | 24           | 21                | 21                 | -15%                          |                     |
| Replacement of Gate - Hartenbos  | 35           | 4                 | 4                  | -699%                         |                     |

| CAPITAL EXPENDITURE 2018: ECONOMIC DEVELOPMENT SERVICES                   |        |                   |                         |                               | R' 000              |
|---|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Revamp of Indoor Sport Centre</b>                                      | 500    | 535               | 361                     | -38%                          |                     |
| <b>HIV/AIDS Candles with Chandeliers</b>                                  | 5      | 5                 | –                       | -                             |                     |
| <b>Civic Park renovation of Creche</b>                                    | 120    | 75                | –                       | -                             |                     |
| <b>Extension of Vusisizwe Creche Joe Slovo</b>                            | 200    | 200               | 200                     | 0%                            |                     |
| <b>Establishment of business hives in Mossel Bay V.P.U.U</b>              | –      | 1,316             | 587                     | 100%                          |                     |
| <b>Establishment of business hives in Mossel Bay C.R.R</b>                | –      | 863               | –                       | -                             |                     |
| <b>Thusong Centre Phase 2</b>   | 219    | 219               | 217                     | -1%                           |                     |
| <b>Thusong Centre Phase 2</b>   | 285    | 285               | 283                     | -1%                           |                     |
| <b>Installation of a network Data Point in the Thusong Centre Manager</b> | –      | 2                 | 2                       | 100%                          |                     |

#### TOURISM DEVELOPMENT AND MARKETING

Mossel Bay Tourism, a Section 21 company and an independent local tourism operator, performed the tourism marketing function for the Municipality in the 2017/2018 financial year. Mossel Bay Tourism's primary task is to provide information using all facets of the marketing mix to the best advantage and thereby enticing visitors to view Mossel Bay as their destination of choice, a destination where our visitors can enjoy their stay, spend their money, leave with great memories, and ultimately recommend Mossel Bay to all their friends.

Current Board of Directors consists of:

- Mr Werner Kock – Chairman – Director: Hotels & Resorts
- Ms Marika Thomatos – Vice Chairman – Director: Businesses & Business Chamber
- Ms Rene Malan – Director: Guest Houses & Bed and Breakfast Establishments
- Mr Gerhard van Rooyen – Director: Attractions & Activities
- Ms Jeanetta Marais – Director: Self Catering Establishments
- Adv Thys Giliomee – Municipal Manager: Mossel Bay Municipality
- Councillor Venolea Fortuin – Mossel Bay Municipality
- Councillor Mark Furness – Mossel Bay Municipality
- Mr Charlie Hendrics – Mossel Bay Municipality | Community Rep
- Vacant – Mossel Bay Municipality | Community Rep



## **COMPONENT D: COMMUNITY AND SOCIAL SERVICES**

### **3.12 LIBRARIES**

#### **INTRODUCTION TO LIBRARIES**

The library service includes 16 libraries including those in rural areas within the municipal boundaries. The registration of the library users with reference to the use of the internet services at the libraries had an overwhelming response from the public. More users came to register at the different libraries and this made it possible for us to do monitoring and evaluation by means of the statistics that indicated the usage of the internet. The Mzantsi Online Project was successfully launched on Monday, 23 of April 2018, at the Mossel Bay library. In partnership with the Western Cape Government and the Nation Library Global projects, the Mossel Bay library can now offer the community free access to the internet and technological products. The ICT facility remains one of the key elements of the library to empower the community to find employment, help students with projects or tasks and having access to information.

Women's empowerment is a key factor in determining success of development and the right information at the right time can empower women and protect them from several challenges in life. With August being women's month, D'Almeida Public Library have decided to empower women by means of computer literacy skills training. They then teamed up with Creating Effective Families, a shelter for battered women and children, and a total of 9 women took part in the computer training sessions held from 21 - 25 August 2017. The empowerment of women is a key factor in their success and development by providing them with the right information at the right time to empower and protect them against challenges they face. Facilitator Heidrie van Aswegen conducted a programme that included basic computer skills, Internet basics, e-mail basics, Word processing and typing. This programme has enabled these women to set up an e-mail account, to browse the internet, to create a cv and apply for online jobs.

The Western Cape Government approved the funding of R4 million for the establishment of a new library for Herbertsdale. It must be said that there were no internet services for the community and the nearest free internet service for the community was more than 45 km away in Mossel Bay. The Cape Access Project was also established at Herbertsdale Library and serves as a force multiplier for the establishment of free internet services for the community. Furthermore, Cape Access is offering free accredited training for the community with the computer Centre that has 25 computers for free internet services for the community. On 26 September 2017, the Western Cape Department of Cultural Affairs and Sport (DCAS) Minister Anroux Marais opened a new library in the rural town of Herbertsdale, near Mossel Bay. The opening was held in partnership with the Mossel Bay Municipality. The community of Herbertsdale welcomed the library with open arms. The library offers the community a wide book collection, free Internet and a Cape Access Centre.

The library will unlock new opportunities for the community as people can use the facility to apply for jobs and access the quality services of the Western Cape Government. Minister Marais said that the new library is a symbol of renewal, as well as a place of safety and literacy, where the community can develop their talent and broaden their knowledge. She urged community members to take ownership of this new facility. The D'Almeida Library was awarded the Best Library, for Children Services. The Mzantsi Library Online Project was further extended at the D'Almeida Library by the implementation of a computer for the visually impaired members of the community. Equipment was received to start with this service. Currently we are busy to register all possible community

members at the National Library Services and we also enquire about the needs of these individuals. The operational hours of Sonskynvallei Library have been extended to 12 hours per week due to the new housing development in the area.

| <b>FINANCIAL PERFORMANCE 2018: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER</b> |                        |                            |                              |               |   |
|---|------------------------|----------------------------|------------------------------|---------------|---|
| <b>Details</b>  | <b>2017<br/>Actual</b> | <b>Original<br/>Budget</b> | <b>2018</b>                  |               | <b>R'000<br/>Variance<br/>to<br/>Budget</b> |
|   |                        |                            | <b>Adjustment<br/>Budget</b> | <b>Actual</b> |   |
| Total Operational Revenue   | 11,607                 | 8,301                      | 8,535                        | 8,768         | 5%  |
| <b>Expenditure:</b>   |                        |                            |                              |               |   |
| <b>Employees</b>  | 10,481                 | 12,748                     | 11,762                       | 11,714        | -9%   |
| <b>Repairs and Maintenance</b>  | 526                    | 1,008                      | 851                          | 821           | -23%  |
| <b>Other</b>  | 1,380                  | 1,683                      | 1,746                        | 1,552         | -8%   |
| Total Operational Expenditure   | 12,387                 | 15,439                     | 14,358                       | 14,087        | -10%  |
| Net Operational Expenditure   | 781                    | 7,138                      | 5,824                        | 5,318         | -34%  |

| <b>CAPITAL EXPENDITURE 2018: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER</b> |               |                              |                               |  |   |
|---|---------------|------------------------------|-------------------------------|--|---|
| <b>Capital Projects</b>   | <b>Budget</b> | <b>Adjustment<br/>Budget</b> | <b>2018</b>                   |  | <b>R' 000<br/>Total<br/>Project<br/>Value</b> |
|   |               |                              | <b>Actual<br/>Expenditure</b> | <b>Variance<br/>from<br/>original<br/>budget</b> |   |
| <b>Total All</b>  | 601           | 549                          | 699                           | 14%  |   |
| Upgrading of parking area: KwaNonqaba Hall  | 200           | 195                          | 195                           | -3%  |   |
| Upgrading of curtains and cables: Town Hall   | 100           | –                            | –                             | -  |   |
| Refuse Bin-D'Almeida Hall   | 25            | 23                           | 23                            | -11%   |   |
| Curtains-D'Almeida Hall   | 45            | 39                           | 39                            | -14%   |   |
| Stage Lights-D'Almeida Hall   | 50            | 46                           | 40                            | -25%   |   |
| Furniture & Office Equipment-KwaNonqaba Hall  | 65            | 64                           | –                             | -  |   |
| Installation of sound system-Town Hall  | 25            | 23                           | 23                            | -7%  |   |
| Curtains for the Voortrekker Hall   | 10            | 9                            | 9                             | -15%   |   |
| Furniture & Office Equipment-Asla Park Community Hall   | –             | 24                           | –                             | -  |   |
| Furniture & Office Equipment-Greenhaven Community Hall  | –             | 14                           | –                             | -  |   |
| Furniture & Office Equipment - Library: Mossel Bay  | 20            | 25                           | 25                            | 21%  |   |
| Furniture & Office Equipment-D'Almeida Library  | 5             | 2                            | 2                             | -174%  |   |
| Refurbishing of the children's benches at D'Almeida Library   | 15            | –                            | –                             | -  |   |

| CAPITAL EXPENDITURE 2018: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER |        |                   |                    |                               |                     |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | Budget | Adjustment Budget | 2018               | Variance from original budget | Total Project Value |
|  |        |                   | Actual Expenditure |                               |                     |
| Furniture & Office Equipment- IT Centre at D'Almeida Library                                   | 20     | 19                | 19                 | -5%                           |                     |
| Book Detection-Herbertsdale  | –      | 9                 | 9                  | 100%                          |                     |
| Book Detection-Herbertsdale  | –      | 1                 | –                  | -                             |                     |
| Furniture & Office Equipment: Herbertsdale Library   | 5      | 4                 | 2                  | -164%                         |                     |
| Airconditioner - Library: KwaNonqaba   | 16     | 28                | 26                 | 37%                           |                     |
| Donated Computers: Mosselbay Library   | –      | –                 | 199                | 100%                          |                     |
| Refurbishing of benches at Mossel Library  | –      | 17                | 15                 | 100%                          |                     |
| Donated Computers: D'Almeida   | –      | –                 | 74                 | 100%                          |                     |
| Installation of Security Eyes  | –      | 8                 | –                  | -                             |                     |

#### COMMENT ON THE PERFORMANCE OF LIBRARIES

#### INTRODUCTION TO COMMUNITY HALLS

The Municipality has 20 community halls situated throughout the greater Mossel Bay area. The halls are rented out to the communities for different functions and events. The Municipality's tariff policy makes provision for subsidised tariffs for certain organisations as well as certain community Halls or events. The town hall also been use for the Sport & Recreation Festival, Soul Festival and Dias & Port Festival 2018. We also host every year the Mayoral Gala Dinner in the town hall to raise money for welfare organisations. The Town hall is also being used during the all the festivals and functions and functions and all can't of music festival.

| EMPLOYEES: COMMUNITY HALLS |           |       |           |                                  |                                   |
|----------------------------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level                  | 2017      | Posts | 2018      | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                            | Employees |       | Employees |                                  |                                   |
|                            | No.       | No.   | No.       | No.                              | %                                 |
| 0 - 3                      | 15        | 15    |           | 0                                | 0%                                |
| 4 - 6                      | 0         | 0     |           | 0                                | 0%                                |
| 7-9                        | 1         | 1     |           | 0                                |                                   |
| 9-11                       | 1         | 1     |           | 0                                |                                   |
| TOTAL                      | 17        | 17    |           |                                  | 0%                                |

#### COMMENT ON THE PERFORMANCE OF COMMUNITY HALLS

The biggest expenditure items relating to the community halls in 2017/2018 was the upgrading of the Mossel Bay Town Hall lavatories at a cost of R560 000, upgrading of the Voortrekker hall at a cost of R110 000, upgrading of KwaNonqaba hall parking area, upgrading of KwaNonqaba hall chairs, upgrading of D'Almeida hall stage lights and hall curtains at a cost of R45 000 and a sound system for the Town Hall R25 000. These projects were carried out in response to the needs expressed by the communities concerned through the Municipality's IDP process.

The halls are used extensively by the community and an average booking percentage of 80 per cent was achieved in the year under review. The three biggest halls are: the Town Hall, with a capacity of 685 people and D`Almeida Community Hall can accommodate 400 people while the capacity of the KwaNonqaba (and Greenhaven) Community Halls is 300. There are two of the community halls have crockery that can be hired additionally when you hire the hall for any function. All the municipality halls are also suitable for conferences, shows and weddings.

#### HALLS

The municipality do have a total of 20 facilities that is well spread in the municipal area for usage by the community. New appointments as caretakers have been made at the different facilities to assist with the operations and maintenance of the different facilities. Major capital projects were approved for the maintenance of the different facilities. The Town Hall received a new sound system and the bathrooms has been upgraded. The parking area for the KwaNonqaba hall has been completed.

### 3.13 CEMETERIES

#### INTRODUCTION TO CEMETERIES

The management of all cemeteries within the Mossel Bay Municipal area falls under the section Horticulture. There are currently 5 cemeteries still in operation and 2 cemeteries have reached its capacity. The new regional cemetery was also completed in this financial year.

There was a significant increase in the number of burials this year. The Municipality is still facing a challenge regarding the maintenance of cemeteries due to the level of vandalism that is prevalent. The Municipality is providing burial sites for pauper and indigent burials as stipulated in the by-laws.

In this year a total number of 521 plots was sold for burials in all Municipal cemeteries. A total of 349 was for indigent burials and that is a significant increase from previous years. Only one pauper burial took place in this period. A total number of 24 niches were sold of which 14 was for double niches and 8 were for single niches.

The total income for this period was R192 341 and the total expenditure was R 2 048 107.

| EMPLOYEES: CEMETORIES AND CREMOTORIUMS |                  |       |                  |  |                                      |
|--|------------------|-------|------------------|--|--------------------------------------|
| Job Level                              | 2017             | Posts | 2018             | Vacancies<br>(fulltime<br>equivalents) | Vacancies (as a %<br>of total posts) |
|  | Employees<br>No. |       | Employees<br>No. |  |                                      |
| 0 - 3                                  | 3                | 3     | 3                | 0                                      | 0%                                   |
| 4 - 6                                  | 1                | 1     | 1                | 0                                      | 0%                                   |
| 7 - 9                                  |                  |       |                  |  |                                      |
| 10 - 12                                | 1                | 1     | 1                | 0                                      | 0%                                   |
| 13 - 15                                |                  |       |                  |  |                                      |
| 16 - 18                                |                  |       |                  |  |                                      |
| 19 - 20                                |                  |       |                  |  |                                      |

| EMPLOYEES: CEMETORIES AND CREMOTORIUMS |           |          |           |                                  |                                   |
|--|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level                              | 2017      |          | 2018      |                                  |                                   |
|  | Employees | Posts    | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|  | No.       | No.      | No.       | No.                              | %                                 |
| <b>Total</b>                           | <b>4</b>  | <b>4</b> | <b>4</b>  | <b>0%</b>                        | <b>0%</b>                         |

| FINANCIAL PERFORMANCE 2018: CEMETORIES AND CREMATORIUMS |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | R'000              |
|   | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
|   |        |                 |                   |        |                    |
| Total Operational Revenue                               | 188    | 306             | 215               | 192    | -59%               |
| <b>Expenditure:</b>                                     |        |                 |                   |        |                    |
| Employees   | 816    | 900             | 900               | 883    | -2%                |
| Repairs and Maintenance                                 | 30     | 60              | 81                | 46     | -29%               |
| Other   | 1259   | 327             | 1440              | 1186   | 72%                |
| Total Operational Expenditure                           | 2105   | 1287            | 2421              | 2115   | 39%                |
| Net Operational Expenditure                             | 1917   | 980             | 2207              | 1923   | 49%                |

| CAPITAL EXPENDITURE 2018: CEMETERIES AND CREMATORIUMS |              |                   |                    |                               |                     |
|---|--------------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects                                      | 2017         |                   | 2018               |                               | R' 000              |
|   | Budget       | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
|   |              |                   |                    |                               |                     |
| <b>Total All</b>                                      | <b>3,200</b> | <b>3,350</b>      | <b>3,336</b>       | <b>4%</b>                     |                     |
| <b>Establishment of new cemetery-Pinnacle Point</b>   | <b>3,200</b> | <b>3,350</b>      | <b>3,336</b>       | <b>4%</b>                     |                     |

#### COMMENT ON THE PERFORMANCE OF CEMETERIES:

The new regional cemetery was completed, and it is envisaged that this cemetery will be in use in the coming financial year. All other necessary maintenance was completed, but due to the level of vandalism, only limited maintenance is done to prevent unnecessary spending of funds.

### 3.14 SOCIAL PROGRAMMES

#### SOCIAL PROGRAMS

The Socio-Economic Department creates an environment for socio-economic development through the support and strengthening of programmes and projects for vulnerable groups.

| ACTIVITIES  | COMMUNITY DEVELOPMENT<br>DESCRIPTION  |
|---|---|
| <p><b>Early Childhood Development Centres</b></p> | <p>Bi-monthly meetings with 50 principals of Early Childhood Centres to discuss issues pertaining to Early Childhood Development Centres took place on:</p> <ul style="list-style-type: none"> <li>• 24 August 2017</li> <li>• 23 November 2017</li> <li>• 08 March 2018</li> </ul> <p>The Expanded Public Works Programme enabled the municipality to appoint Early Childhood Assistants at the following Early Childhood Development Centres:</p> <ul style="list-style-type: none"> <li>• Vusizizwe Crèche, Joe Slovo</li> <li>• Juweeltjie Crèche, Exit 13</li> <li>• Vlinderland Crèche, Great Brak Rivier</li> <li>• Kiddies Corner Crèche, D'Almeida</li> <li>• Civic Park Crèche, Civic Park</li> <li>• Pinocchio Crèche, Brandwag</li> <li>• Bright Stars Crèche, KwaNonqaba</li> <li>• Little Angels Crèche, Asla Park</li> </ul> <p>Ongoing support is rendered to Early Childhood Development Centres in conjunction with a new service provider, Klein Karoo Bronne Centre.</p> <p>Training was provided, in collaboration with the Department of Labour. This training took place on 26 and 27 September 2017. The training entailed topics on how to handle conflict at the workplace and were attended by 39 representatives of the Early Childhood Centres.</p> <p>Mandela Day proceedings took place on the 18 July 2017 in Jonkersberg. The focus was on the crèche in the area, 8 children and their two teachers was identified to take part in this initiative. The crèche's play park was painted and the area around the crèche was cleaned by the following organisations:</p> <ul style="list-style-type: none"> <li>• The Haven Staff</li> <li>• The Bay Life Hospital, second year students</li> <li>• The SED Staff</li> </ul> |

| ACTIVITIES | COMMUNITY DEVELOPMENT<br>DESCRIPTION  |
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|            | <p>The following ECD Centres donated food, paint, toys and R200 in support of Mandela day:</p> <ul style="list-style-type: none"> <li>• Juweeljie Crèche, Exitention 23</li> <li>• Boskabouters Crèche, Ruiterbos</li> </ul> <p>An outing was arranged by the SED and the following sponsors took part in entertainment, transport and catering for the day.</p> <ul style="list-style-type: none"> <li>• Briesies Transport</li> <li>• McDonald's Restaurant</li> <li>• Seabird and Penguin Rehab Centre</li> <li>• Blasters Family Entertainment Centre</li> <li>• Fruit and Veg Market, Voorbaai</li> <li>• Outreach Inspiration, Fraaiuitisig</li> </ul> <p>The Mossel Bay Municipality Fire and Rescue Service in partnership with the Socio – Economic Department presented a one-day basic firefighting course to the Early Childhood Development Centres of the Greater Mossel Bay Area. The course was attended by 22 Early Childhood Development Centre practitioners.</p> <p><b><u>Daiz Festival Arts Competition for ECD Centres 2018</u></b></p> <p>The prize giving ceremony took place on 01 February 2018 at the Mossel Bay Town Hall and the following ECD Centre won:</p> <p>1<sup>st</sup> place: Juweeljie Crèche :R5000<br/> 2<sup>nd</sup> place: Junior Academic :R3000<br/> 3<sup>rd</sup> place: Curious Kids :R2000</p> <p><b><u>Visits to ECD Centres</u></b></p> <p>On 03 July 2017, Bright Stars Crèche in KwaNonqaba was visited by Councillor Fortuin and the social worker to assess what supportive services can be rendered. A wish list was compiled and donations was given.</p> <p>On 03 August 2017, a visit was conducted at Junior Academy. Services rendered to Early Childhood Centre by the Municipality of Mossel Bay was explained to the principal of the crèche. The principle was also invited to the ECD Forum Meeting.</p> <p>On 17 August 2017, a visit was conducted at Herbertsdale Early Childhood Centre services rendered by the Municipality of Mossel Bay was explained to the principal. Roles and responsibilities was explained.</p> <p>On 14 March 2018, Sonstraaltjies ECD Centre in Extension 23 was visited by the social worker, Support was render by assisting with the registration of the ECD Centre.</p> |

| COMMUNITY DEVELOPMENT                      |  |
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| ACTIVITIES                                 | DESCRIPTION  |
|  | <p>A donation of paper, received by Kiddies Corner ECD centre was given to the Little Angels ECD Centre on the 23 March 2018.</p> <p><b><u>TOY LIBRARY PROJECT</u></b><br/>The planning phase of the Toy Library Project is completed. The launch took place on 03 May 2018.</p>   |
| <b>Soup Kitchen Project</b>                | <p>The Soup Kitchen Project was aimed at disadvantaged sick and elderly people and was run by volunteers from their homes on a monthly basis. Beneficiaries received bread and soup twice a week. Approximately 950 people benefited from the project in the following areas and 24 soup kitchens were supported.</p> <p>The soup kitchen appreciation lunch was held at the Porto Diaz hotel on the 16 March 2018. This function was attended by 14 community members who prepared soup on a monthly base for the community and 8 officials of the Mossel Bay Municipality.</p>   |
| <b>Food Gardens Project</b>                | <p>The Municipality renders ongoing support to 61 household food gardens. One new community garden was established at Garden Route Primary School, seeds was given to support this new community garden.</p> <p>Visits was done during the month of February 2018. During the month of May 2018, two meetings took place to support and assist with the Growing Hope project. The project leader approached the Socio-Economic Department to facilitate the meeting with the community members of KwaNonqaba. The logistical arrangements such as booking the community hall and inviting the leaders of the community was also done by the Socio-Economic Department.</p> |
| <b>Clothing Bank</b>                       | <p>Clothing was donated by the public and was distributed to beneficiaries based on the needs identified by other departments, Non-Governmental organisations and individuals. Most of the clothing was given to victims of fires during the period.</p>   |
| <b>Empowerment of women of Rural Areas</b> | <p>The empowerment of women of rural areas took place in the following areas where needs assessment was done at the following areas:</p> <ul style="list-style-type: none"> <li>• Jonkersberg</li> <li>• Buisplaas</li> <li>• Freimersheim</li> <li>• Ruiterbos</li> </ul> <p>Above mentioned activities took place during the 2017.</p>   |
| <b>Child Protection Programme</b>          | <p>An informative holiday day program was held in Sonskynvallei during the September school holidays. This program was hosted by Mossel Bay Municipality in partnership with other stakeholders and took place from the 02 – 06 October 2017.</p>  |



| ACTIVITIES                | COMMUNITY DEVELOPMENT<br>DESCRIPTION  |
|---------------------------|---|
|                           | <p>The aim of the holiday program was to keep the learners constructively busy and to raise awareness about child abuse, substance abuse, road safety, bullying and safety at home and in the water.</p> <p>The holiday program reached approximately 154 children of Sonskynvallei.</p> <p>A safety programme was held to raise awareness for upcoming December holidays during the week of 27 November 2017 to the 01 December 2017.</p> <p>This programme was held at various schools in the greater Mossel Bay area. The aim of the safety programme was to raise awareness about child abuse, snake awareness, road safety and safety at home and in the water.</p> <p>The safety programme reached approximately 1157 learners at eight primary schools in the Greater Mossel bay Area.</p> |
| <b>Bands and Brigades</b> | <p>Bi-annual meetings were held with representatives of the 8 bands and brigades on the following dates:</p> <ul style="list-style-type: none"> <li>• 23 August 2017</li> <li>• 27 November 2017</li> </ul> <p>On the 27 August 2017 a church service took place at the Nativity Church and the service were attended by the bands and brigades of Great Brak River, Freimersheim and Mossel Bay.</p> <p>The bands and brigades also performed at the following events:</p> <ul style="list-style-type: none"> <li>• Take back the night March on 23<sup>rd</sup> November 2017 and the 29 November 2017.</li> <li>• Switching on of Christmas Lights on 09 December 2017.</li> </ul>   |
| <b>The Haven</b>          | <p>The Mossel Bay Municipality assisted The Haven with two assistants through the Expanded Public Works Programme. The monthly meetings of The Haven are also attended.</p>   |
| <b>Sewing Groups</b>      | <p>The 16 sewing groups supported by Mossel Bay Municipality were visited to check the assets availed to the sewing groups and 12 contracts were renewed.</p> <p>The Mossel Bay Municipality assisted 9 new sewing groups with sewing machines and material were donated to 5 sewing groups during 2018.</p> <p>The following groups were visited and contracts were renewed during February 2018:</p> <ul style="list-style-type: none"> <li>• Herbertsdale Sewing Group</li> <li>• Brandwag Sewing Group</li> <li>• Sally's Sewing Services</li> </ul>  |

| COMMUNITY DEVELOPMENT |   |
|-----------------------|---|
| ACTIVITIES            | DESCRIPTION   |
|                       | <ul style="list-style-type: none"> <li>Friemersheim Sewing Group</li> </ul> |

#### YOUTH DEVELOPMENT

| YOUTH DEVELOPMENT                        |   |
|--|---|
| ACTIVITIES                               | DESCRIPTION   |
| <b>Information and Training Sessions</b> | <p>The Department of Labour in collaboration with the youth office offered an information and training session at the Indoor Sport Centre and on 19 July 2017 at the Youth Café in Groot Brak River. The aim of these sessions was mainly to introduced young unemployed people to the functions and products of the department and train youths how to look for work, how to create a curriculum vitae and how to prepare for an interview.</p> <p>The session at the Indoor Sport Centre on 18<sup>th</sup> of July was targeted at all unemployed youth and 32 attended. The session at the Youth Café in Groot Brak River were aimed at the SUFF students and all ten attended.</p>   |
| <b>Mayoral Advancement of Youth</b>      | <p>The initial intake of students officially started on 3 July 2017.</p> <p><b>Induction</b><br/>They went for Induction at the Human Resources Department where the different Municipal policies were workshopped and distributed. The students were also registered on the biometric system that enables the mentors to track their time and attendance of the students.</p> <p><b>Learners Licence</b><br/>Since 7 June 2017 eight of the Mayoral Youth Development Programme students (three already have learners license) were taken up in the learner's license programme. Their training took place on 14, 21 June 2017; 6 and 7 July 2017. Six students wrote learners license test on 7 July 2017 and four received their learner's licenses. The remaining two wrote the learners licenses test on 31 August 2017.</p> <p><b>Motivational Session</b><br/>Executive Mayor Alderman H. Levendal had an evaluation with The MAY Students. A motivational speaker Curt Baker was invited to motivate the students.</p> <p><b>Driving Lessons Training</b><br/><br/>12 February 2018:<br/>students and their mentors were given a 2-week driving lessons schedule.<br/>16 February 2018:<br/>the students were taken to make their driving test appointments. Each student received 36 lessons in total, unfortunately none of them were successful.</p> <p><b>Mentorship Training</b></p> |

| ACTIVITIES                       | YOUTH DEVELOPMENT<br>DESCRIPTION   |
|----------------------------------|--|
|                                  | <p>7 - 8 August 2017 -Mentorship Training for the Mayoral Advancement of Youth Program took place at Kromme Rhee. Eight of the current mentors attended the training. The training aimed to prepare mentors to work with the students and interns so that they would have a fruitful experience at the end of their year.</p> <p><b>Job Readiness Trainings</b></p> <p>The Department of Labour in collaboration with the Mossel Bay Municipality Youth Office, held a Job Readiness programme for the Mayoral Advancement of Youth Students dated 28 August 2017 – 31 August 2017. The training was conducted by Sulette Cronje. The aim of the training was to equip the students with essential skills and tools for the workplace. Topics that was covered were: how to manage time effectively, work ethics, understanding Conflict and diversity management. The sessions allowed students to interact with each other through group activities and presentations.</p> <p><b>Computer Training (ICT)</b></p> <p>The Mossel Bay Municipality in collaboration with Cape Access held a three-day ICT training course on the 11 - 13 October 2017 at the Cape Access e-Centre at the Indoor Sports Centre. Training consisted of introduction to computer fundamentals, MS Word, PowerPoint, e-mails and files (create, save and organize).</p> <p><b>Compulsory Skills Training</b></p> <p>15 - 19 January 2018 the 5 remaining students went to Kromme Rhee for training.</p> <p>15/01/2018 – Introduction to office and project management<br/> 16/01/2018 – Introduction to written communication<br/> 17/01/2018 – Evaluation and practical's<br/> 18/01/2018 – Feedback on the work covered during the week</p> <p><b>New intakes</b></p> <p>The 2018/2019 list of students were received from the Department of the Premier. From the 47 applicants received for the Premier Advancement of Youth Programme, the Department of the Premier appointed 8 young people. The Mossel Bay Municipality have undertaken to absorb 12 of those who did not find placement with the Department of the Premier into the Mayoral Advancement of Youth Programme. They will officially start on 2 July 2018.</p> |
| High School Enrichment Programme | <p>3 - 6 July 2017: Hillcrest Secondary School invited the Mossel Bay Municipality to collaborate with them in creating and hosting an enrichment programme. The aim of the programme was to provide Grade 12 learners with study and retaining methods and encouraging them to work hard by staying focussed on their personal goals.</p>   |

| ACTIVITIES                                     | YOUTH DEVELOPMENT<br>DESCRIPTION  |
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| <b>Entrepreneurial - Development Programme</b> | <p><b>National - Youth Development Agency<br/>21 - 25 August 2017</b></p> <p>Pre-Assessments for the National Youth Development Agency's Entrepreneurs Development Training took place on 20 July 2017 at the Indoor Sport Centre.<br/>Fifteen people attended. The aim of the pre-assessments was to ascertain the needs in terms of participants' training and businesses.</p> <p>The National Youth Development Agency in collaboration with the Mossel Bay Municipality Youth Office held an Entrepreneurial Development Training on the 21 – 25 of August 2017. Thirteen young people from Mossel Bay attended the training. The training was facilitated by Carlynn Sassman a representative of the National Youth Development Agency. Business Plan Training was presented by SEDA from 4 - 8 September 2017. With permission from Mr Ronald Wagner, the young entrepreneurs were afforded the opportunity to attend this training as well. The training comprised of life skills, marketing, financial statements, business plan and how to promote their businesses.</p> <p>The Entrepreneurship Development Program that was hosted by the National Youth Development Agency took place from 19 - 22 June 2018 at the KwaNonqaba Community Hall. The training was facilitated by Ms Carlyn Sassman. a total of 20 applications were received for the training. Introduction of NYDA services and products were given (e.g. the Grant Programme, Business Consulting Services and the Mentorship Programme). Training consisted of a visit by the Consumer Protector, concept of competitor analysis, creating a business plan and information session with the South African Revenue Services.</p> <p><b>Business Plan Training: SEDA</b></p> <p>Business Plan Training was presented by SEDA from 4 - 8 September 2017. With permission from Mr. Ronald Wagner, the Young Entrepreneurs were afforded to attend this training as well. The aim of the training was to create and construct a presentable and viable business plan.</p> |
| <b>Mossel Bay's Got Talent Showcase</b>        | <p><b>2017 Winners Photoshoot</b></p> <p>22 July 2017: The Mossel Bay's Got Talent Showcase winners were sponsored a photoshoot by Dynamic Casting &amp; La Belle Modelling.</p> <p><b>Auditions 2018</b></p> <p>Auditions took place during the first part of 2018.</p> <p><b>Rehearsals</b></p>   |

| YOUTH DEVELOPMENT                     |  |
|---------------------------------------|--|
| ACTIVITIES                            | DESCRIPTION  |
|                                       | <p>Rehearsals took place on 18 and 25 May, 8, 14 and 15 June 2018 in preparation of the semi-finals and the grand finale. Judges acted as coaches to assist participants to fine tune their performances and to create an opening act for the grand finale.</p> <p><b>Semi-finals</b></p> <p>The Semi-Finals took place at Bravo Lounge on 2 June 2018.</p> <p><b>Finals</b></p> <p>The final show took place on 16 June 2018.</p>   |
| <b>Junior Town Council</b>            | <p><b>Meetings</b></p> <p>Meetings took place on 26 July 2017, 14 August 2017, 1 September 2017, 3 October 2017 and 7 November 2017, 18 January 2018, 6 February 2018, 6 March 2018, 24 April 2018, 22 May 2018 and 19 June 2018. Meetings comprised of planning programs and projects and providing feedback on past events.</p> <p><b>Elections</b></p> <p>The Junior Town Council Elections took place on 1 September 2017 at the Mossel Bay Municipality Council Chambers.</p> <p>All the high schools (including Sao Bras, Hillcrest, Indwe, Great Brak River, Curro and Point) were present and represented.</p> <p>The newly-elected executive Junior Town Council members are: Chelsey Seconds (Sao Bras - Executive Member for Community Services), Timon Berrington (Point High - Executive Member for Sport), Tarryn King (Hillcrest - Executive Member for Youth), Davene Anderson (Sao Bras - Junior Municipal Manager), Uthandile Mandleleni (Point High - Junior Speaker), Bea Wilson (Point High - Junior Deputy Mayor) and Amy Corkill (Point High - Junior Mayor).</p> <p><b>Beach Clean-up</b></p> <p>23 September 2017 - Eighteen JTC members participated in a Beach-clean-up in Little Brak River.</p> <p><b>Hike</b></p> <p>2 December 2017- Ten JTC members participated in the JTC hike that was held at the St. Blaize Trail. The purpose of the hike was teambuilding.</p> <p><b>Disabled/Abled Day of Activities</b></p> <p>24 March 2018: 14 JTC members hosted a morning of activities at the Youth Café in collaboration with the APD Early Childhood Development Centre. Various activities such as games, face painting and colouring were presented.</p> |
| <b>Junior Town Council Activities</b> |  |

| YOUTH DEVELOPMENT  |   |
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| ACTIVITIES   | DESCRIPTION   |
|  | <p><b>RCL/JTC Sports Day</b><br/>12 May 2018: 16 RCL and JTC members participated in a RCL/JTC sport day that was held at Santos Beach.</p> <p><b>Hospital Visit</b><br/>Seven Junior Town Council Members responsible for Community Services portfolio visited the Mossel Bay Provincial Hospital on 17 February 2018. They assisted with cleaning the kitchen, patients and wards.</p> <p><b>Brandwag Soup Drive</b><br/>21 June 2018. The Junior Town Council visited Brandwag. Soup and bread were handed out to the children here.</p>   |
| <b>Youth Safe Spaces Programme</b>                               | <p><b>Indoor Sport Centre</b><br/>The programme was initiated to create a safe space for young people to play, learn, develop and to build the next generation.</p> <p>The pilot of this programme took place on 18 August 2017 at the Indoor Sport Centre with the SAPS, neighbourhood watches, Department Social Development, PetroSA, inter-denominational youth forum and CANSA being the main stakeholders.</p> <p><b>Great Brak River</b><br/>On 27 October 2017 another youth safe space programme was held in Great Brak River.</p> <p><b>Vleesbaai</b><br/>21 April 2018: Vleesbaai outreach. The aim of the visit was to establish the challenges, needs and opportunities of the youth of Vleesbaai. Nine young people attended the session.</p> |
| <b>Kwêla Town of the Year event and Dias &amp; Port festival</b> | <p>The Youth Office is assisting with organising the local artists for performances on 7 October 2017. The top 9 of the annual Mossel Bay's Got Talent Showcase have been identified to perform.</p> <p>1 February 2018: The youth office was involved and organised the Flag Ceremony with the Junior Town Council, The Mall Programme (where different groups performed as part of the marketing of the Dias &amp; Port festival) and the performances of local artists on the two stages. All the events were a huge success.</p>  |
| <b>Graduates</b>   | <p><b>Community Chess Training</b></p> <p>On 5 – 6 September 2017 Community Chest held a Basics in Organisational Development Training workshop in George and the two students and 1 intern at the Youth Office were privileged to attend.</p> <p>February 2018: Four graduates (with three-year diploma and degree) were assisted by the Youth Office in finding placement at the Mossel Bay Municipality to gain practical experience so that they can be more employable in the future.</p>  |
| <b>Grade 9 Camp and JTC Capacity Building Camp</b>               | <p>The Mossel Bay Municipality Youth Office hosted a Grade 9 Educational Camp and a JTC Capacity Building Camp from 29 September – 01</p>   |

| YOUTH DEVELOPMENT   |  |
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| ACTIVITIES  | DESCRIPTION  |
|   | <p>October 2017. The camp was held at the Eksderde Camp Facility. 79 Grade 9 learners and 14 JTC members attended the camp.</p> <p>Sullette Cronje (Department of Labour), Edward Jantjies, Chris Balie (IEC) and Barend Jordaan from Cornerstone Life Adventures facilitated the camp.</p> <p>29/09/2017: Topic covered = Social ills.</p> <p>30/09/2017: Topics covered = Study methods; adventurous team building session; career session (subject choices).</p> <p>01/10/2017: Evaluation session.</p>   |
| <b>Career Expo</b>  | <p>20 October 2017 Indoor Sport Centre: 41 learners from Sao Bras Secondary School attended the event. Institutions/Organisations exhibited available opportunities and courses: NSFAS, NX Hair Academy, Department of Social Development, Belcomec Training, IEC, Impulse Gap year, Electrodiv SCUBA, NMU, LLAW Training, ETA College, Boston City Campus and Cape Access.</p>  |
| <b>Nelson Mandela University Career Information Session</b> | <p>In collaboration with the Nelson Mandela University:</p> <p>19 April 2018: The morning session was spent at Great Brak River Secondary School.</p> <p>Thirteen learners from the Mossel Bay area visited the informal information session, follow-up with the University's open day that will take place on 5 May 2018. Schools were invited to nominate interested learners to the youth office so that transport can be organised.</p>  |
| <b>Nelson Mandela University Open Day</b>                   | <p>5 May 2018: Open Day at the George Campus. 48 learners in total from the High Schools (Hillcrest, Indwe, Sao Bras and Great Brak River). attended the open day. Learners visited various stalls and received information on courses presented and the application process. Online application facilities were available.</p>  |
| <b>Life Skills Programme</b>                                | <p><b>D'Almeida</b></p> <p>6 - 9 November 2017: D'Almeida Community Hall. Ten young people attended. Day 1 was career planning and how to look for a job; day 2 was cv writing and interview preparations; day 3 was introduction to entrepreneurship; and day 4 was e-Centre activities, Thusong Centre activities and substance abuse awareness.</p> <p><b>KwaNonqaba</b></p> <p>26 February – 2 March 2018: KwaNonaba Community Hall. 10 participants attended. Day 1: Sulette Cronje from Department of Labour was the facilitator. Topic was on how to write a proper Curriculum Vitae and how to prepare for interviews. Day 2: Sulette Cronje from Department of Labour was the facilitator. Topic was how do I look for work. The different mechanisms employ in the search for employment. Day 3: Lanson Mutandwa from South Cape College facilitated a session on their available courses and NSFAS bursaries. Day 4: Ronald Wagner from SEDA facilitated a session on Introduction to Entrepreneurship. Participants had to work in groups and create a</p> |

| YOUTH DEVELOPMENT                      |  |
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| ACTIVITIES                             | DESCRIPTION  |
|  | <p>business and marketing plan which they had to present. Day 5: Eugene May from Cape Access informed participants of the e-Centre's services and courses currently available.</p> <p><b>Sonskynvallei</b><br/>Programme took place on 20 - 21 September 2017 at the Sonskynvallei Community hall. Nine Young people attended.<br/>Day 1 was facilitated by Ms Yolande van Aswegen from the Mossel Bay Municipality. The topics were: self-discovery with a focus on how to look for jobs, CV writing and alternatives to job hunting.<br/>Day 2 was facilitated by Ms. Sulette Cronje from the Department of Labour. Topics that were covered were the work seekers database of the department and the products and services of the department.</p>   |
| ICT Training / Basic Computer Training | <p><b>11 - 13 October 2017</b></p> <p>The Mossel Bay Municipality in collaboration with Cape Access held a 3-day ICT training course at the Cape Access e-Centre at the Indoor Sports Centre. The training comprised introduction to computer fundamentals, navigation skills of a computer, how to read and understand a word document, how to do a PowerPoint presentation, create files, save files, organise files, internet and email.</p>  |
|  | <p><b>16 April – 7 June 2018</b></p> <p>The Mossel Bay Municipality Life Skills participants of 2017 and 2018 are underwent Basic Computer Training. A total of 11 participants attended the training from Monday - Thursday. The participants were introduced to the following topics: Microsoft Word - tables, graphs, word art; Microsoft Excel Spreadsheet - inserting data, formula's functions; Microsoft PowerPoint - inserting and formatting slides, graphs, print layout and previews; Microsoft Publisher. They are frequently tested through practical exercises such as creating slideshow and Excel student report.</p>  |
| Youth Indaba                           | <p>The Mossel Bay Municipality hosted a Youth Indaba on 10 March 2018. Youth leaders, representatives from the ward committees, council of stakeholders (rural nodes), Junior Town Council and the Youth Café attended the event.</p> <p>The aim of the Youth Indaba was to undertake an analysis on the different issues or problems and needs of the youth within the greater Mossel Bay area. The analysis (as done by the youth) regarding issues that young people face included the following: Racism, lack of values, peer pressure, abuse, no support for local artists, lack of opportunities, poor mindsets, teenage pregnancies, poverty, suicides, domestic violence, absent fathers, unemployment, lack of respect, etc. In terms of their needs the participants came up with the following: a Rehabilitation Centre, extra mural activities, access to libraries, skills centre, Youth Café in Mossel Bay, role models, mentors, food provision</p> |



| YOUTH DEVELOPMENT      |  |
|------------------------|--|
| ACTIVITIES             | DESCRIPTION  |
|                        | in schools, entrepreneurship, more opportunities, jobs, family support, more opportunities for youth in rural areas, etc.  |
| <b>Sport Programme</b> | <p><b>Beach Sports Programme</b></p> <p><b>Cricket</b></p> <p>29 November – 1 December 2017: A total of 33 teams participated over 3 days. 29 November 2017, a total of 13 teams participated that included juniors between the ages of 10 - 14. Participants were approximately 100. The winners were: Baby Titans (1st Prize), Baddest Junior (2nd Prize) and Multiply Titans (3rd Prize).</p> <p>On 30 November 2017, a total of 9 teams participated which included seniors between the ages of 15 – 18 years. Participants were approximately 50. The winners were Rangers 2 (1st Prize), Warriors (2nd Prize) and Team Baddest (3rd Prize). On 1 December 2017, a total of 6 teams participated that included seniors out of school between the ages of 19 – 35 years. Participants were ± 30. The winners were Rangers 1 (1st Prize), KCC Fire (2nd Prize) and RGB (3rd Prize).</p> <p><b>Soccer</b></p> <p>6 - 7 December 2017: A total of 38 teams participated over 3 days. Various teams from Herbertsdale, Asla Park, KwaNonqaba, Extension 8 and Joe Slovo participated over 3 days. The prizes were R1750, R1200 and R900 per day. On 6 December 2017, a total of 10 teams participated that included juniors between the ages of 10 – 14 years. Participants were counted at ± 60. The winners were Black Americans (1st Prize), Stars of tomorrow 1 (2nd Prize) and Young Sea Birds (3rd Prize).</p> <p>On 7 December 2017, a total of 17 teams participated which included seniors between the ages of 15 – 18 years. Participants ±100. The winners were Somalia FC (1st Prize), Super Strikers (2nd Prize) and Benefica FC (3rd Prize).</p> <p>On 8 December 2017, a total of 11 teams participated which included seniors out of school between the ages of 18-35. Participants: ± 70. The winners: Hard Living (1st Prize), Izaya (2nd Prize) and Trinity Stars (3rd Prize).</p> <p>13 - 15 December 2017: A total of 29 teams participated over 3 days. Various teams from Asla Park, KwaNonqaba, Extension 8, Joe Slovo, Herbertsdale and Brandwag participated over 3 days.</p> <p><b>Rugby</b></p> <p>On 13 December 2017, a total of 7 teams participated which included juniors between the ages of 10 – 14 years; ± 60. The winners: Warriors (1st Prize), Believe (2nd Prize) and Reds (3rd Prize).</p> |

| YOUTH DEVELOPMENT                |  |
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| ACTIVITIES                       | DESCRIPTION  |
|                                  | <p>On 14 December 2017, a total of 11 teams participated that included seniors between the ages of 15 – 18 years. Participants ± 80. The winners were Kappie Kappies (1st Prize), Rangers (2nd Prize) and Plate Boys (3rd Prize).</p> <p>On 15 December 2017, a total of 11 teams participated which included seniors out of school between the ages of 18 – 35 years. Participants: ± 80. The winners were Rangers (1st Prize), Spartans 1 (2nd Prize) and Young Ones 1 (3rd Prize).</p> <p><b>Youth Day Sports Programme</b><br/>On 16 June 2018 the Young People In Christ in collaboration with the Youth Office hosted a Youth Day event at the Indoor Sport Centre. A total of 36 people attended the event. A variety of sports were played to commemorate and celebrate National Youth Day, including netball, rugby, soccer and racing. A video was shown to inform those in attendance about the importance and relevance of June 16. The guests were treated with hot beverages and snacks. Prizes were awarded to the individuals / teams who won the different sporting events.</p> |
| <b>Showville</b>                 | The Showville auditions (a SABC 2 talent scouting production) took place on 15 February 2018 at the D`Almeida Community Hall. The youth office assisted with poster distribution and mobilisation of young people to audition. Many of previous Mossel Bay's Got Talent finalists auditioned during the audition process. Three of the top four finalists of the Showville competition are products of the Mossel Bay's Got Talent Showcase.   |
| <b>Event Management Training</b> | The training took place from 28 May – 1 June 2018 at the KwaNongaba Community Hall. From the 80 applications 15 unemployed youth were selected for the training. The training consisted of: introduction to event management, introduction to project management, project/event life cycle, scope management, arranging an event, stakeholder engagement, business plan development, work breakdown structure, scheduling an event, government event management, planning and control, requirements for arranging and managing a successful event. The goal of the training is to equip and capacitate young people involve with and in event management organisations and companies.  |
| <b>Youth Office Walk-Ins</b>     | <p>A total of 747 youth visited the Youth Office for assistance with the following:</p> <ul style="list-style-type: none"> <li>• Create a CV</li> <li>• Copies, printing and scanning of CV's and certificates</li> <li>• Assistance with application forms</li> <li>• Information on bursaries, career guidance and learnerships</li> <li>• Datadase Adds</li> <li>• NSFAS applications</li> </ul>  |
| <b>e-Centre</b>                  | The e-Centre was visited by a total of 12 083 people for this period.  |

## HIV/AIDS

As the Municipality in cohesion with other stakeholders from the Mossel Bay Local Aids Forum we realised that we need to have a more open but holistic approach towards HIV/AIDS and TB.

Per the NSP 2017-2022, these populations have the greatest difficulty in achieving their rights to health, often because of social or structural marginalisation. TB key populations are people living with HIV, inmates, miners, those living in informal settlements and migrants, pregnant women, children under 5 years of age, diabetics and all health care workers. Vulnerable populations include people with disabilities, young women and girls, and orphans and vulnerable children.

Overcrowding and poor ventilation in living, working, public transport and congregant settings in communities with a high burden of TB increase the chances of TB transmission. Retrofitting researched technologies for air disinfection and/or airborne pollutants dilution in public transport and buildings. According to the NSP Strategic Objective 2, local authorities should provide the lead with Department of Human Settlement, Transport (public and private sector), Public Works and Department of Health as other key players.

According to Strategic Objective 6 the following responsibilities is part of Local Government:

“There needs to be coordination of role players, service providers and community members at sub-district and community level together to contribute towards a process of information sharing, consultation and planning to respond to local health outcomes”.

This process aims to facilitate joint, coordinated action and a united response through consultation and buy-in at various levels:

- Development/strengthening of health-focused forums in each sub-district
- Ensuring that sub-district plans are developed as an outcome of community dialogues and consultative processes in each of these sub-districts.

Building capacity of health staff, service providers and community members to implement these plans and to advocate for change.

| HIV/AIDS                 |  |
|--------------------------|--|
| ACTIVITIES               | DESCRIPTION  |
| <b>Capacity Building</b> | <p><b>JPI Taxi Integration Programme</b></p> <p>Capacity Building sessions with Uncedo, Mobta and Coast Line to promote community wealth, health and public safety to all vulnerable groups and 74 participants benefited. The following topics were discussed:</p> <ul style="list-style-type: none"> <li>• Road Safety</li> <li>• Legislative Framework</li> <li>• Community Wealth</li> <li>• Misconduct</li> </ul> <p><b>Organisational Skills Development</b></p> |

| ACTIVITIES                            | HIV/AIDS DESCRIPTION   |
|---------------------------------------|--|
|                                       | <p>Development of organisations in the following soft skills were held:</p> <ul style="list-style-type: none"> <li>• Minute keeping</li> <li>• Roles and responsibilities of committees</li> <li>• Report Writing</li> <li>• Legislation</li> <li>• Meeting Procedures</li> </ul> <p>A total of 65 people participated.</p>  |
| <b>Awareness Programme</b>            | <p><b>ABCD Programme</b></p> <p>Awareness programme at the taxi ranks areas that focus on Abstain, Be faithful, Condomise and Disease Control as well as Roadworthiness took place in September 2017:</p> <p>29 HIV tests done<br/>330 Male condoms distributed<br/>211 beneficiaries</p> <p>49 HIV Testing<br/>54 TB screening<br/>46 Hypertension<br/>18 Blood sugar<br/>29 Vehicle inspections<br/>8 Be Wise Education<br/>7 Roadworthy testing</p> |
| <b>Awareness Programme</b>            | <p><b>Municipal Health Expo</b></p> <p>The Municipal Health Expo took place and the following took place on 18 April 2018:</p> <ul style="list-style-type: none"> <li>• 73 Autism Questionnaires were distributed</li> <li>• Distribution of 168 male condoms and 168 female condoms</li> <li>• Distribution of 84 Emergency Numbers' Flyers</li> </ul>  |
| <b>Peer Education</b>                 | <p>Peer Educators provided awareness at the Youth Café, D'Almeida Clinic and Sao Bras High School in August 2017 on the following topics:</p> <ul style="list-style-type: none"> <li>• HIV/AIDS</li> <li>• TB</li> <li>• Teenage pregnancies</li> <li>• STI's</li> </ul> <p>In total 215 participants benefitted from this programme.</p>  |
| <b>Economic Development Awareness</b> | <p><b>Recycle Swop Shop</b></p> <p>Awareness programme that focus on recruitment of community members to be more aware of secondary infection, disease control and use of recyclable items for local economic development.</p>   |

| HIV/AIDS                           |  |
|------------------------------------|--|
| ACTIVITIES                         | DESCRIPTION  |
|                                    | 3599 kg Recyclable waste were collected<br>156 pamphlets were distributed<br>150 bookmarks were distributed  |
| <b>Nutritional Support Ongoing</b> | 2410 cups of soup and bread were distributed to vulnerable children in need of nutritional support.  |
| <b>Support</b>                     | Logistical support for the male circumcision programme on 22 September 2017 to prevent STI's were done in collaboration with the Department of Health. Six males were circumcised. |

## GENDER

The integration between different Departments responsible for gender issues is well established by means of the WPP Forum. Having all women with influential powers around a table, ensure the reduction of red tape issues that resulted in a hands-on approach on gender mainstreaming projects.

The Social Development Goal 5 speak to the creation of a more equitable society where girls and young women have access to health, education and economic opportunity.

During this year, this office focussed on providing services to rural and urban communities, organisations but also households. The combination of programmes and research in the field, ensure that fact based actions is part of the outcomes of programmes rendered in the field.

The following legislation paved the way for a modern local government system:

- Constitution 1996,
- White Paper on Local Government 1998,
- Municipal Structures Act 1998,
- Municipal Systems Act 2000,
- Employment Equity Act 1999,
- The Promotion of Equality and Prevention of Unfair Discrimination Act 2000

When establishing mechanisms, processes and procedures for community participation, municipalities must consider account the special needs of:

People who cannot read or write; people with disabilities; women and other disadvantaged groups.

Mossel Bay Municipality took this mandate seriously and ensure with the programs and research done in the field, that it will result in the establishing of mechanisms in the field.

| GENDER                   |  |
|--------------------------|--|
| ACTIVITIES               | DESCRIPTION  |
| <b>Capacity Building</b> | <b>Organisational Skills Development</b><br><br>Development of organisations in the following soft skills took place on the 12 <sup>th</sup> of August 2017: <ul style="list-style-type: none"> <li>• Minute keeping</li> <li>• Roles and responsibilities for committees</li> <li>• Report Writing</li> </ul> |

| <b>GENDER</b>  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• CV Writing</li> </ul> <p>10 participants from the following organisations partook in the development session:</p> <ul style="list-style-type: none"> <li>• DPSA</li> <li>• Siyanitanda</li> </ul>   |
| <b>Support Programme<br/>11 - 15 December 2017</b>   | <p><b>Support to child - headed households and persons living with disabilities</b></p> <p>Compiling a household profile on the needs of the households to start a programme of providing support to the families infected and affected and 10 households from the following areas participated:</p> <ul style="list-style-type: none"> <li>• KwaNonqaba</li> <li>• Elangeni</li> <li>• Barcelona</li> <li>• Asla Park</li> <li>• Wolwedans</li> <li>• Drie Susters</li> </ul>   |
| <b>AWARENESS<br/><br/>23, 30 November 2017<br/>Take back the night marches<br/>28, 29 November 2017<br/>Community Wellness</b> | <p><b>16 Days of Activism</b></p> <p>The programme was a celebration of all the stakeholders working together in the field to raise awareness on Gender-Based Violence, HIV/AIDS and TB.</p> <ul style="list-style-type: none"> <li>• Wellness Programme focus on the wellbeing of the community and Department of Health staff</li> <li>• Take back the night marches that focus on creating awareness on ending violence in the community.</li> </ul> <p>There was a total of 787 participants.</p> <p>Take back the night March took place on the 23 and 30<sup>th</sup> of November 2017 in Extension 13 and Herbertsdale and 216 people participated.</p> <p>Wellness Day Program took place on the 28<sup>th</sup> and 29<sup>th</sup> of November 2017 and the following were done:</p> <p>173 Participants</p> <ul style="list-style-type: none"> <li>• 3460 Male condoms</li> <li>• 346 Female condoms</li> <li>• 173 Gender numbers magnates</li> <li>• 173 Tourism information</li> </ul> <p>The following tests were conducted:</p> <ul style="list-style-type: none"> <li>• Blood sugar tests</li> <li>• Blood pressure tests</li> <li>• Cholesterol tests</li> <li>• TB screening</li> </ul> |

| GENDER          |  |
|-----------------|--|
|                 | <ul style="list-style-type: none"> <li>HIV/AIDS Tests</li> </ul>   |
| <b>Research</b> | <p><b>Abuse against women and children</b></p> <p>A research process to determine the nature and extent of abuse of women and children in all 14 wards of Mossel Bay.</p> <p>The purpose of the research is to identify needs to start programs and projects to support and assist in the prevention of abuse of women and children; 158/200 questionnaires were completed up to date.</p> <p><b>Bully research</b></p> <p>A research process to determine the nature and extent of bullying in schools. The purpose of the research is to identify a baseline in Mossel Bay and plan programs to address the need; 55/100 questionnaires were completed up to date.</p> |

## DISABILITY

The focus the past year was to take away the “dis” from disability and to focus on the ability to take care of them through economic development, mentoring programmes and the creating of opportunities to grow economically. By tailoring packages for key populations, we ensure that nobody is left behind.

The Municipality assisted with sport and recreational activities to ensure that persons with disabilities will have reasonable access to facilities for sport development, ensure early detection of functional limitations and referral to care, prioritise actions for differentiated care and focus on peer education with a buddy system for all.

| DISABILITY                           |   |
|--------------------------------------|---|
| ACTIVITIES                           | DESCRIPTION   |
| <b>Bread Tag Project</b>             | <p>The project aims to collect bread tags to qualify for a wheelchair worth R1 485. The amount of weight increased to 50 kg for a wheelchair via Interwaste. The public and Mossel Bay Municipality are involved and donates bread tags on a regular basis; 85 kg have been collected.</p> <p>Two wheelchairs distributed.</p>                  |
| <b>Employment opportunities</b>      | Recruitment of persons with disabilities for possible job opportunities at MacDonald’s and Woolworths; 19 CV’s were collected.  |
| <b>Sport and Recreation Festival</b> | <p><b>SPORT FESTIVAL</b></p> <p>Assisting with the arrangements for the Sport &amp; Recreation Festival programmes and with the provision of logistical support. The programmes took place on the 29<sup>th</sup> of September and the 5<sup>th</sup> of October 2017.</p> <p>The programmes were attended by 8 groups and 88 participants.</p> |

## ELDERLY

Working with the elderly in Mossel Bay, it is best to work together as a collective focussing on the core needs of the older persons in conjunctions with the forum for older persons which is affiliated under the Western Cape Older Persons Forum.

The Municipality is more involve in a supportive role in this field and only implement programs when the forum identifies the need for it.

| ELDERLY                              |   |
|--------------------------------------|---|
| ACTIVITIES                           | DESCRIPTION   |
| <b>Sport and Recreation Festival</b> | <p>Assisted with the arrangements for the Sport Festival Programmes and provided logistical support on the following days:</p> <p>4 October 2017 – 200 participants<br/>5 October 2017 – 80 participants<br/>6 October 2017 – 80 participants</p> <p>Assisted with the logistical support for Golden Games on the 31<sup>st</sup> of May 2018 and 95 people participated.</p> |
| <b>Research</b>                      | <p>A research process to determine the nature and extent of elderly abuse in the security and old age centre versus the community.</p> <p>The purpose of the research is to identify needs to start programs and projects to support and assist in the prevention of abuse. A total of 86 questionnaires completed.</p>   |

## COMMEMORATIVE DAYS

All spheres indicated above, have special Commemorative Days that received special focus by the Municipality as it is the opportunity to celebrate progress in the different fields.

As Municipality, we moved aside from only one-day awareness events, but embarked on outcome driven programmes to ensure that the focus group is outcome driven.

Although several Calendar Days were part of the year's activities, we will emphasize some of the main Calendar Days as the deliverables of the programmes is the tool for future programmes.

International Men's Day, World Aids Day and STI-condom month form part of the evidence-based programmes and interventions.

| CALENDER DAYS         |  |
|-----------------------|--|
| ACTIVITIES            | DESCRIPTION  |
| <b>World Aids Day</b> | <p><b>Internal World Aids Day: 1 December 2017</b></p> <p>Focus on the drivers for change in the community and the impact they have on other women in the community.</p> |



| CALENDER DAYS               |   |
|-----------------------------|---|
|                             | There were 50 participants.<br><br>The focus on creating awareness to among internal staff, councillors, etc. to be part of a candle ceremony for those infected or affected by HIV/AIDS. |
| <b>Volunteers Day</b>       | <b>Volunteers Day: 4 December 2017</b><br><br>Focus on the drivers for change in the community and the impact they have on other women in the community; 50 participants.                 |
| <b>Casual Day</b>           | <b>Supporting Casual Day: 1 September 2017</b><br><br>Internal awareness on Casual Day; 88 participants   |
| <b>National Women's Day</b> | Provided logistical and facilitating support to programmes for Women's Day on the 9 <sup>th</sup> and 19 <sup>th</sup> of August; and 69 people participated.                             |

#### THUSONG CENTRE

The Mossel Bay Thusong Centre had been operational for 5 years with more than 216 371 services being accessed by clients from various areas and especially those in rural areas. The Mossel Bay Thusong Service Centre is a multi-faceted facility under one roof that houses various services provided by Local, Provincial and National government as well as, NGO's CBO's and the private sector interest groups that are tabled in the document. The services offered at the centre are those that have been identified by the community of the greater Mossel Bay. Every Thusong Centre is unique in design layout depending on excising topographic and requirements of the community it serves.

With the Thusong Centre's 2<sup>nd</sup> Phase being implemented 2018/2019, we aim to bring more services to our community. A Municipal housing office will be brought to the Thusong as well as many other Social-Economic Development Section to ensure sufficient service delivery.

#### AIM OF THE THUSONG SERVICE CENTRE

The aim of the Thusong Programme is to ensure equitable and effective access to government services and information, through strategic partnerships and engagements with the three spheres of government and relevant stakeholders.

#### DEPARTMENTS SERVING AT THE CENTRE

| CURRENT DEPARTMENTS OFFICES                            | NEW OFFICES   |
|--|---|
| <b>Department of Home Affairs</b>                      | Municipal Offices for Social Economic Development (SED)     |
| <b>South African Social Security Agency</b>            | South African Security Agency (SASSA) (expansion of office) |
| <b>Department Social Development / Social Services</b> | South African Post Office                                   |
| <b>Department of Agriculture</b>                       | Municipal Offices of SMME                                   |
| <b>Thusong Library</b>                                 | Venue for meetings  |
| <b>Cape Access ITC</b>                                 |   |

|                                    |
|------------------------------------|
| <b>Heart-2- Heart Care Centre</b>  |
| <b>Piet Julies HIV/AIDS Office</b> |
| <b>EdenFM local radio station</b>  |

#### DESCRIPTION OF SERVICES

All the services offered are those that were initially identified by the community of Mossel Bay, which are:

#### OVERALL MARKETING STRATEGY

| <b>DEPARTMENT OF HOME AFFAIRS</b>                         | <b>APPLICATIONS FOR ID DOCUMENT, BIRTH, DEATH AND MARRIAGE CERTIFICATES AS WELL AS PASSPORTS.</b>   |
|---|---|
| <b>South African Social Security Agency (SASSA)</b>       | Grants on pension, child support, disability and foster care.   |
| <b>Department of Social Development / Social Services</b> | Welfare services, community development (youth, children and families), youth conflict with law, senior citizens, substance abuse and early child development programmes. |
| <b>Department of Agriculture</b>                          | Establishment of home gardens, farm inspections etc.  |
| <b>Cape Access ITC</b>                                    | Access information via internet with regard to skills development, job opportunities, research, learners' tasks activities and computer basic skills.                     |
| <b>Heart-2-Heart Care Centre</b>                          | Pregnancy testing, HIV/AIDS counselling & testing, parenting & ante-natal guidance, adoption facilitation, pre- & post abortion counselling, educational awareness.       |
| <b>Piet Julies HIV/AIDS Office</b>                        | HIV/AIDs testing, educational awareness and circumcision referrals.   |
| <b>EdenFM local radio station</b>                         | Community radio station: access to local, national and global information via media.  |
| <b>Thusong Library</b>                                    | Book circulation, National Themes, Learning Programmes, access to information-research, internet access.  |

To ensure that the centre operates optimally and that clients are served in accordance with the Batho Pele principles, the following interventions were introduced.

Client Satisfaction Survey

Public Participation through Ward Committees, IDP, Councillor Report Back, CDWs' information sharing sessions, engagement with other stakeholders.

It is through these interventions that the needs of the community were assessed in preparation and planning for the implementation of Thusong Phase 2.

The following services were rendered and accessed for the 2017/18 financial year:

**Statistical Data of Services Rendered & Accessed**

| DEPARTMENTS        | JUNE         | JULY         | AUG          | SEPT         | OCT          | NOV          | DEC          | JAN          | FEB         | MARCH       | APRIL        | MAY          | JUNE         | Total          |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|----------------|
|                    | 2017         | 2017         | 2017         | 2017         | 2017         | 2017         | 2017         | 2018         | 2018        | 2018        | 2018         | 2018         | 2018         |                |
| Sassa              | 1455         | 1754         | 1301         | 2027         | 649          | 2000         | 983          | 1875         | 2417        | 1992        | 1645         | 1640         | 1297         | 21035          |
| Home Affairs       | 1431         | 2302         | 1716         | 1720         | 3064         | 1718         | 1308         | 3064         | 2217        | 3496        | 2539         | 2108         | 1984         | 26683          |
| Social development | 140          | 270          | 10           | 139          | 204          | 206          | 122          | 182          | 119         | 160         | 123          | 98           | 106          | 1879           |
| Agriculture        | 0            | 0            | 4            | 4            | 10           | 2            | 10           |              | 0           | 7           | 10           | 30           | 0            | 77             |
| Cape access        | 938          | 1212         | 1559         | 1610         | 1142         | 1518         | 435          | 1279         | 1202        | 1214        | 1220         | 1232         | 906          | 15467          |
| Piet Julies        | 625          | 5275         | 1514         | 546          | 1273         | 760          | 593          | 1273         | 441         | 426         | 778          | 307          | 215          | 14026          |
| Heart 2 heart      | 198          | 432          | 624          | 113          | 136          | 112          | 127          | 88           | 175         | 217         | 226          | 105          | 127          | 2680           |
| Library            | 8151         | 10196        | 10767        | 13600        | 7325         | 12709        | 9798         | 10532        | 830         | 415         | 11695        | 9485         | 12101        | 117604         |
| <b>TOTAL</b>       | <b>12938</b> | <b>10628</b> | <b>17495</b> | <b>19759</b> | <b>13803</b> | <b>19025</b> | <b>13376</b> | <b>18293</b> | <b>7401</b> | <b>7927</b> | <b>18236</b> | <b>14975</b> | <b>16736</b> | <b>190 592</b> |

The Thusong Centre also transported clients from rural areas for services at the Mossel Bay Thusong Service Centre namely:

- Brandwag
- Buisplaas
- Herbertsdale
- Friemersheim

This was done through the Stakeholder Engagement Forum which meets quarterly. For the financial year 2017/2018, 1 043 clients were reached only for the Thusong Outreach that took place on 23 - 24 November 2018.

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

### **3.15 AIR QUALITY CONTROL**

#### **INTRODUCTION**

The Mossel Bay Air Quality Management Plan (AQMP) has been developed and approved by Council. The plan is aligned with the Municipality's Integrated Development Plans a sectoral plan. Fines have been determined by the public prosecutor for infringements of the Air Quality Management By-law, which is enforced by the Municipality when necessary.

According to the National Environmental Air Quality Act, Act no 39 of 2004 (NEM: AQA), air quality monitoring a local municipality's function and the Eden District Municipality manages the licensing of facilities in terms of the listed activities promulgated in the regulations.

The Constitution of the Republic of South Africa (Act 108 of 1996) provides the legal basis for allocating powers to different spheres of government and thus, institutional regulation of pollution. The Bill of Rights provides that everyone has the right to an environment that is not harmful to their health or well-being. The objectives of the National Environmental Management: Air Quality Act (NEM: AQA), Act 39 of 2004 are to protect the environment by providing reasonable measures to protect air quality and to prevent air pollution, and to give effect to Section 24 (b) of the Constitution.

The Act requires municipalities to adopt AQMPs and is very specific in its definition of the goal on an air quality management plan. Of specific importance are the following:

- The improvement of air quality
- Reducing negative impacts on human health and the environment
- Addressing the effects of fossil fuels in residential applications
- Addressing the effects of emissions from industrial sources and from any point or non-point sources of air pollution
- Implementing the republic's obligations in respect of international agreements
- Giving effect to best practice in air quality management.

In terms of the Mossel Bay Municipality Air Quality Control by-laws promulgated in 2013, all fuel burning appliances below 10mw must be registered and obtain authorisation from the Air Quality officer of the Municipality. During the financial year twenty-five (25) of these premises were inspected and were found to be complaint.

#### **IMPLEMENTATION**

Four (4) awareness campaigns were conducted for the 2017/2018 these sessions were held at the following communities and schools such as: - Joe Slovo Asazani, Izinyoka Informal Settlement, Langeberg Mall, Curro School and Friemersheim Primary School. During these sessions pamphlets, brochures and booklets were distributed to the public. The events were supported by the Eden District Municipality Fire Department. Four (4) vehicle emission testing sessions were conducted. Throughout the testing project, information pamphlets regarding air quality were distributed and approximately 108 vehicles were tested during this period. This exercise was

conducted twice at the R102 and R328 in Hartenbos, N2 leading to Cape Town and as well as in Great Brak River in Long Street. The Eden District Municipality supported the testing of the vehicles.

Monitoring of ambient air quality is done by Western Cape Department of Environmental Affairs and Planning (DEA & AP) through the continuous air quality monitoring. Following is monitored hydrogen Chloride (HCL), Hydrogen Sulphide (H2S) and Volatile organic compounds (VOC's) The testing station is housed at the offices of the Eden District Municipality in Sampson Street, Extension 23.

#### DEVELOPMENT OF PERSONNEL

A noise level meter was procured during this year and the training to personnel on how to use this meter was conducted in November 2017.

#### TRAININGS AND MEETINGS

Environmental Management Inspector (EMI) training for the personnel that was offered by the Department of Environmental Affairs and Planning (DEA & DP).

Quarterly meetings are held with the Eden District Municipality Air quality officer's forum as well as the Western Cape DEA & AP air quality offices forum.

#### FINANCIAL IMPLICATIONS

Currently there is no air quality budget.

#### RECOMMENDATIONS ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

The lack of sufficient funding for the implementation of the Air Quality Management Plan as well as a lack of capacity in terms of human resources remains a challenge. Diesel vehicle emission testing was also done on the main roads of Mossel Bay and information pamphlets were distributed. The emissions inventory is updated as per the Municipality's AQMP objectives.

Compliance inspections were done and notices were issued to industry to adhere and comply with the Air Quality Management By-law and the National Environmental Management: Air Quality Act. Regular compliance and enforcement "blitz" operations were conducted at licensed facilities and other industries with officials from various organs of state such as the Environmental Management Inspectors (EMI's).

The Department of Environmental Affairs and Development Planning (DEA & DP) continuous monitoring station is situated in Sampson Street and measures Volatile Organic Compounds (VOC's), carbon dioxide (CO2) and hydrogen sulphide (H2S). PetroSA does passive sampling at the Gas-to-Liquids refinery and in Voorbaai measures NO2, SO2 and benzene. The results are provided to the Municipality and are discussed at the PetroSA quarterly meetings. The Municipality supports the Eden District Municipality passive sampling programme at the Woodline creosote plant in Great Brak River, Reebok and Mossdustria. There were no exceedances during the 2017/2018 year. The National Ambient air quality standards have thus been met.

#### COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

| FINANCIAL PERFORMANCE 2018: POLLUTION CONTROL |        |                 |                   |        | R'000              |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details                                       | 2017   |                 | 2018              |        | Variance to Budget |
|   | Actual | Original Budget | Adjustment Budget | Actual |                    |
| Total Operational Revenue                     | 0      | 0               | 0                 | 0      | -                  |
| <b>Expenditure:</b>                           |        |                 |                   |        |                    |
| <b>Employees</b>                              | 828    | 907             | 984               | 1019   | 11%                |
| <b>Repairs and Maintenance</b>                | 0      | 12              | 0                 | 0      | -                  |
| <b>Other</b>                                  | 105    | 76              | 179               | 73     | -5%                |
| Total Operational Expenditure                 | 932    | 996             | 1163              | 1092   | 9%                 |
| Net Operational Expenditure                   | 932    | 996             | 1163              | 1092   | 9%                 |

### 3.16 BIO-DIVERSITY AND LANDSCAPE

The environmental analyses done in the IDP identified a number of key environmental risks. In response to these risks Mossel Bay Municipality prioritised the following: to give effect to the objectives of the Mossel Bay Alien Invasive Plant Species Control Plan; to protect sensitive areas / landscapes and to implement the key objectives of the Estuary Management Plans that have been compiled for the Little Brak, Hartenbos and Great Brak Estuaries. The top three service delivery priorities were: clear 21 ha of alien invasive plants from municipal property; to identify sensitive areas which will serve a potential biodiversity offsets; to initiate the process of getting the Diosma Reserve declared a reserve; to include green areas in the Mossel Bay SDF; to conduct environmental awareness campaigns.

## **COMPONENT F: HEALTH**

Local municipalities no longer provide health services such as clinics and ambulance services, health inspection services and abattoirs.

## COMPONENT G: SECURITY AND SAFETY

### 3.17 COMMUNITY SAFETY

#### INTRODUCTION TO COMMUNITY SAFETY

The sub-division Community Safety has the responsibility to enhance the safety of the community by means of enforcement and education of relevant legislation. The National Road Traffic Act 1996 (Act 93 of 1996), the Criminal Procedure Act 1977 (Act 51 of 1977) and the Municipal Council's acceptance of Municipal by-laws strengthens the ability of the local authority to meet the obligation contained in the Constitution of South Africa.

In addition, the sub-division delivers and maintains service to the community by regulating the issue of learner's and driving licenses and the responsibility for the registration and licensing of motor vehicles.

The section Law Enforcement, consisting of traffic and by-law officials, concentrates on traffic law enforcement, policing of municipal by-laws and crime prevention. Regular joint operations between this division, South African Police Services and Provincial Traffic were conducted and the focus was to clamp down on all offences which might be a threat to life and property.

Educating the youth and protecting the children is a very important function of this section and educational programmes, such as the Child-in-Traffic and Danny Cat project, conducted at various pre-primary and primary schools within the greater Mossel Bay area. Road Safety programmes were also partaking during the December holiday period in conjunction with Welfare and Youth programmes. A total of 17 point duty officials are employed at different urban and rural locations within the greater Mossel bay to ensure pedestrian safety to school children.

Due to communities realising their right to service and becoming aware of by-laws promulgated by the Municipal Council to enable a disciplined and orderly community environment, the By-Law Enforcement section faces the challenge to comply in the demand of rendering an equal and quality service to all residents of Mossel Bay.

Regular visible enforcement patrols were conducted in relation to by-law infringements in order to ensure compliance and especially mentioning threats to public health caused by nuisances and the unregulated keeping of animals, dangers posed by stray animals, monitoring and prevention of illegal squatters and the removal of vagrants on public property.

| FINANCIAL PERFORMANCE 2018: POLICE |        |                 |                   |        | R'000              |
|------------------------------------|--------|-----------------|-------------------|--------|--------------------|
| Details                            | 2017   | 2018            |                   | Actual | Variance to Budget |
|                                    | Actual | Original Budget | Adjustment Budget |        |                    |
| Total Operational Revenue          | 36422  | 42844           | 11270             | 20355  | -110%              |
| <b>Expenditure:</b>                |        |                 |                   |        |                    |
| <b>Police Officers</b>             |        |                 |                   |        |                    |
| Other employees                    | 18548  | 20243           | 20262             | 19795  | -2%                |
| Repairs and Maintenance            | 112    | 398             | 313               | 344    | -16%               |
| Other                              | 23287  | 33424           | 12022             | 15023  | -122%              |
| Total Operational Expenditure      | 41947  | 54065           | 32598             | 35162  | -54%               |
| Net Operational Expenditure        | 5525   | 11221           | 21328             | 14807  | 24%                |



| CAPITAL EXPENDITURE 2018: POLICE  |        |                   |                         |                               | R' 000              |
|---|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>  | 1,306  | 1,338             | 1,303                   | 0%                            |                     |
| <b>Speed Humps: Wolwedans Road, Great Brak River</b>                      | 25     | 14                | 14                      | -85%                          |                     |
| <b>Speed Humps: Umtata Street</b>   | 25     | 22                | 22                      | -14%                          |                     |
| <b>Speed Humps: Mzathi Street</b>   | 25     | 22                | 22                      | -14%                          |                     |
| <b>Furniture &amp; Office Equipment</b>                                   | 10     | 12                | 11                      | 6%                            |                     |
| <b>Computer Equipment-Replacements - Traffic &amp; By-Law Enforcement</b> | 10     | 9                 | 9                       | -10%                          |                     |
| <b>Vehicle Volume Counters</b>  | 66     | 62                | 62                      | -6%                           |                     |
| <b>Visitor seating at Motor Vehicle Registration and Driving Licenses</b> | 6      | 5                 | 5                       | -15%                          |                     |
| <b>Photocopier-Replacement - Traffic &amp; By-Law Enforcement</b>         | 80     | 72                | 72                      | -11%                          |                     |
| <b>Furniture &amp; Office Equipment (Law Enforcement)</b>                 | 5      | 7                 | 6                       | 19%                           |                     |
| <b>Bulk Filling Cabinets</b>  | 28     | 25                | 25                      | -14%                          |                     |
| <b>Two-Way Portable Radio's</b>   | 36     | 27                | 27                      | -34%                          |                     |
| <b>Purchase of Enforcement Patrol Vehicles</b>                            | 535    | 601               | 601                     | 11%                           |                     |
| <b>Pro-Laser Speed Measurement Device</b>                                 | 167    | 167               | 146                     | -14%                          |                     |
| <b>Surveillance Camera System</b>   | 40     | 37                | 35                      | -14%                          |                     |
| <b>Paintball Markers</b>  | 160    | 141               | 132                     | -21%                          |                     |
| <b>Torches for conducting night shift enforcement duties</b>              | 19     | 24                | 24                      | 20%                           |                     |
| <b>Visible traffic roof blue lights</b>                                   | 15     | 22                | 20                      | 27%                           |                     |
| <b>Municipal emblem and reflective vehicle markings</b>                   | 36     | –                 | –                       | -                             |                     |
| <b>Alcohol Breathalyzer</b>   | 18     | 15                | 15                      | -18%                          |                     |
| <b>Donated Trailer</b>  | –      | 55                | 55                      | 100%                          |                     |

#### COMMENT ON THE PERFORMANCE OF COMMUNITY SAFETY OVERALL

The section concentrated on traffic law enforcement, policing of Municipal by-laws, monitoring and prevention of illegal squatting together with educational programs to promote pedestrian safety amongst children within the community.

The By-Law Enforcement section were challenged with increasing complaints which seems to be on the increase as the public became aware of Municipal by-laws that can assist with dealing of concerns and the fact that the Municipality is serious in their approach to ensure a safe and secure environment for the community.

Officials of this Sub-Directorate showed dedication in rendering the best service possible and resolving issues of concern in the ongoing process of establishing a safe and secure environment to all citizens of the greater Mossel Bay.

A continued strong work ethic and commitment to excellence in this sub-directorate will ensure achieving the goals set for promoting a safe and secure environment within the greater Mossel Bay. This Sub-directorate will enhance safety and security through contributing towards reducing opportunities for crime and inappropriate behaviour, requiring the Sub-Directorate to be responsive to the needs and concerns of the community by means of education, visible policing, proactive actions and law enforcement.

### 3.18 FIRE

#### INTRODUCTION TO FIRE SERVICES

The legislative mandate of the Fire Service as governed by the Fire Brigade Services Act, Act 99 of 1987 compels the Fire Service to perform the following functions for its jurisdictional area:

- Prevention, -mitigation, -preparedness, -response, -recovery and –rehabilitation of emergency incidents;
- Extinguishment of structural, veld and bush fires and any other fire;
- Rescue and humanitarian services;
- Fire Safety Prevention (the application of the National Building Regulations, Fire codes and municipal by-laws regarding fire safety);
- Fire pre-planning and preparing related preparedness plans;
- Testing and basic maintenance work on emergency vehicles and equipment; and
- Training of staff members.

In addition to the functions above, the Fire service provides:

- Communications facilities for the municipal service; and
- Support services to municipal and other instances.

The top service delivery priorities of the Fire Service are:

- Rendering of an effective and efficient Fire and Rescue Service  
During the year the Fire Service conformed to the standards as set out in SANS:10090 by responding to emergency incidents within the stipulated timeframe for the classification of the municipal service. Mossel Bay Fire Service assisted Eden District Fire Service at various veld fire incidents by performing the initial response when Eden District Fire Service could not attend to these incidents.
- Providing a efficient and effective Fire Safety/Prevention service  
A dedicated Fire Safety/Prevention division was established in the financial year with its core focus on legislative compliance and public education.
- Training of staff members  
Staff members received a high level of technical and administrative training in conjunction with the Provincial Fire Brigade Services to enhance their knowledge, skill and experience which will be beneficial for the community at large.
- The Fire Service embarked on a community educational drive within the informal settlement areas within the boundaries of Mossel Bay Municipality to educate residents of the dangers associated with fires as well as preventative measure which could be used to prevent the outbreak of fires. The educational drive was later done after normal working hours at shebeens with the intent to reach the adult population which was welcomed by the communities.
- The Fire Service in conjunction with the South African Red Cross Society provided humanitarian aid relief to community members who were affected by loss of property and possessions due to fire incidents.

The maintenance, growth, extension and delivery of fire services rely heavily on capital funding. The funding received in this reporting year is not even a percentage of what is required; but nevertheless, was utilised to acquire much-needed specialist equipment required to sustain the current level of service. Against this background and amidst staffing challenges the department continues to perform admirably in terms of ensuring that emergency services delivery is maintained.

| DETAILS |   | 2015/2016  | 2016/2017  | 2017/2018  |
|---------|---|------------|------------|------------|
|         |   | Actual No. | Actual No. | Actual No. |
| 1       | Total fires attended in the year                      | 515        | 688        | 449        |
| 2       | Total of other incidents attended in the year         | 366        | 405        | 399        |
| 3       | Average turnout time within 15 minutes - urban (%)    | 98         | 98         | 98         |
| 4       | Average turnout time within 15 minutes - rural (%)    | 95         | 95         | 98         |
| 5       | Firefighters in post at year end                      | 39         | 39         | 37         |
| 6       | Total fire appliances at year end                     | 12         | 13         | 14         |
| 7       | Average number of appliances off the road during year | 0          | 1          | 0          |

| JOB LEVEL              |        | 2016/2017  |                                   |                                    | 2017/2018 |            |                                   |                                    |
|------------------------|--------|------------|-----------------------------------|------------------------------------|-----------|------------|-----------------------------------|------------------------------------|
| Firefighters           | Post s | Employe es | Vacancies (fulltime equivalent s) | Vacanci es (as a % of total posts) | Post s    | Employe es | Vacancies (fulltime equivalent s) | Vacanci es (as a % of total posts) |
| Administrators         | No.    | No.        | No.                               | %                                  | No.       | No.        | No.                               | %                                  |
| Chief Fire Officer     | 1      | 1          | 0                                 | 0                                  | 1         | 1          | 0                                 | 0                                  |
| Other Fire Officers    | 6      | 6          | 4                                 | 34                                 | 6         | 6          | 4                                 | 34                                 |
| Firefighters           | 78     | 27         | 51                                | 35                                 | 78        | 37         | 49                                | 47                                 |
| TOTAL POSTS            | 89     | 34         | 55                                | 39                                 | 89        | 44         | 43                                | 48                                 |
| Reservist Firefighters | 15     | 11         | 4                                 | 36                                 | 0         | 0          | 0                                 | 0                                  |
| Volunteers             | N/a    | N/a        | N/a                               | N/a                                | N/a       | N/a        | N/a                               | N/a                                |
| TOTAL MANPOWER         | 104    | 45         | 55                                | 48                                 | 89        | 44         | 43                                | 48                                 |

| FINANCIAL PERFORMANCE 2018: FIRE SERVICES |        |                 |                   |        | R'000              |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details                                   | 2017   |                 | 2018              |        | Variance to Budget |
|   | Actual | Original Budget | Adjustment Budget | Actual |                    |
| Total Operational Revenue                 | 1520   | 1075            | 978               | 1507   | 29%                |
| <b>Expenditure:</b>                       |        |                 |                   |        |                    |
| <b>Fire fighters</b>                      |        |                 |                   |        |                    |
| Other employees                           | 14635  | 16476           | 17523             | 17722  | 7%                 |
| Repairs and Maintenance                   | 770    | 1120            | 1436              | 1049   | -7%                |
| Other                                     | 7474   | 9571            | 10313             | 8990   | -6%                |
| Total Operational Expenditure             | 22878  | 27166           | 29271             | 27761  | 2%                 |
| Net Operational Expenditure               | 21358  | 26091           | 28293             | 26253  | 1%                 |

| CAPITAL EXPENDITURE 2018: FIRE SERVICES                    |        |                   |                         |                               | R' 000              |
|--|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects   | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>   | 1,086  | 1,227             | 1,223                   | 11%                           |                     |
| <b>Firefighting equipment and Hazmat equipment</b>         | 100    | 100               | 99                      | -1%                           |                     |
| <b>Furniture &amp; Office Equipment</b>                    | 60     | 75                | 75                      | 20%                           |                     |
| <b>4x4 Light Firefighting Pumper</b>                       | 800    | 800               | 800                     | 0%                            |                     |
| <b>Portable Radios</b>                                     | 100    | 168               | 167                     | 40%                           |                     |
| <b>Air conditioner X2 - Fire Services &amp; Prevention</b> | 26     | 25                | 22                      | -19%                          |                     |
| <b>Radio Link Repeater</b>                                 | –      | 60                | 60                      | 100%                          |                     |

The Fire service achieved all its Key Performance Indicators as set out in the SDBIP with excellent results.

The following are the capital expenditure items which were completed during 2017/2018:

- |    |   |           |
|----|---|-----------|
| 1. | Firefighting equipment and Hazmat Equipment | R 100 000 |
| 2. | Furniture Tools and Equipment               | R 60 000  |
| 3. | Portable Radios                             | R 170 000 |
| 4. | 4x4 Light Pumper Firefighting Vehicle       | R 800 000 |

### 3.19 DISASTER MANAGEMENT

#### INTRODUCTION

The term “Disaster Risk Management” refers to integrated multi-sectoral and multi-disciplinary administrative, organisational and operational planning process and capacities aimed at lessening the impact of natural hazards and related environmental, technological and biological disasters.

The Disaster Management function falls within the Sub-Directorate Fire and Disaster Management Services which are responsible for prevention, mitigation, preparedness, response, recovery and rehabilitation of incidents as a pro-active measure relating to disaster management.

#### Disaster Management Plan

As per Section 53 (1) of the Disaster Management Act, 57 of 2005 each Municipality must:

- prepare a Disaster Management Plan for its area according to the circumstances prevailing in the area;
- co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and
- regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, 2000 (Act No. 32 of 2000), consult the local community on the preparation or amendment of its plan.

Mossel Bay Municipality is primarily responsible for the implementation of the Disaster Management Act (No. 57 of 2002) within its area of jurisdiction, with a specific focus on ensuring effective and focused disaster risk reduction planning. With the new approach to Disaster Risk Management in South Africa and world-wide, the emphasis changed from response to disasters to pre-disaster risk reduction. The process of disaster risk reduction should therefore commence with a process of risk identification and assessment. The outcomes of a disaster risk assessment can ensure that all developmental initiatives as well as contingency planning and practice of the municipality are informed by accurate knowledge of potential disaster risk, enabling various stakeholders to contribute to the reduction of such risk.

The Disaster Management Plan of Mossel Bay Municipality:

- forms an integral part of its Integrated Development Plan (IDP);
- anticipates the types of disasters that are likely to occur in the municipal area and their possible effect;
- places emphasis on measures that reduce the vulnerability of disaster-prone areas, communities and households;
- identifies the areas, communities or households at risk;
- takes into account indigenous knowledge relating to disaster management;
- promotes disaster management research;
- identifies and address weaknesses in capacity to deal with disasters;
- provides for appropriate prevention and mitigation strategies;
- facilitates maximum emergency preparedness; and
- contains contingency plans and emergency procedures in the event of a disaster.

A number of effective programmes have been implemented during the last financial year to address the above requirements, which include:

- Awareness programmes to protect citizens from fires and floods
- Regular cleaning of the storm water channels
- Clean-up programmes of rivers and streams
- The Fire and Rescue Services do regular awareness programmes in the communities

The Disaster Management Plan of the Municipality was updated in 2017 and accepted by Council. It thus forms an integrated part of the IDP which was evaluated by the Provincial Disaster Management Centre, with compliments once again.

#### Disaster Incidents

Mossel Bay Municipality supported Department of Agriculture with the Drought declaration within the rural areas.

#### Disaster Management Key Performance Indicator

The key performance indicators as per the service delivery budget implementation plan (top layer):

| REF         | KPI  | UNIT OF MEASUREMENT                       | OVERALL PERFORMANCE 2017/2018 |        |
|-------------|--|---|-------------------------------|--------|
|             |  |   | Target                        | Actual |
| <b>D441</b> | Annual Review of the Disaster Management Plan by end November [34] | Plan reviewed by the end of November 2017 | 1                             | 1      |

## COMPONENT H: SPORT AND RECREATION

### 3.20 SPORT AND RECREATION

#### INTRODUCTION TO SPORT AND RECREATION

The sport section is responsible for the maintenance of 10 sport complexes belonging to the Municipality. This past year was another challenging year in term of maintenance of the facilities due to the frequency of use of the facilities by sports clubs, schools and other sport participants. Despite this extensive use of the facilities, the section managed to maintain the playing surfaces of most of the facilities to a high standard. Various major sporting events was hosted on the facilities like the Point High School sport school during March/April and the Sports & Recreation Festival during September/October. This event placed an additional burden on the section regarding the standard of the facilities, but this challenge was met and well-maintained facilities was made available to the organisers of the events.

Vandalism keep being an increasing threat to infrastructure and the sport section has seen the effects of this acts on the different sports facilities. Some of the infrastructure is also very old and major renovations is being done and will need to be continued in the future. Due to the threat of vandalism, it is needed to place security officers at some of the facilities and this places an additional burden on the finances of the Municipality.

The Extension 23 sport fields were partly closed for use due to upgrading to the playing surface and irrigation of this facility. As part of the upgrade two new fields and an ablution / dressing room with conference facilities building was constructed. This project was funded with MIG funding. The second phase of upgrading to the Greenhaven sport fields commenced and this will be a multi-year project.

#### SERVICE STATISTICS FOR SPORT AND RECREATION

The total maintenance budget of the sport section was R 7 278 564.65 (salaries included) and the income generated from renting and hiring charges of the different facilities amounted to R 78 806. The MIG grant received for the upgrade of the Extension 23 and Greenhaven sport fields was R2 912 149. A further amount of R200 000 was received from the Department of Cultural Affairs and Sport for the completion of a practice netball court at Hartenbos to a full netball court as the idea is to develop this facility to national and international standards as to have this as the SWD Netball Federation's home facilities.

| Job Level | EMPLOYEES: SPORT AND RECREATION |       |           |                                  |                                   |
|-----------|---------------------------------|-------|-----------|----------------------------------|-----------------------------------|
|           | 2017                            |       | 2018      |                                  |                                   |
|           | Employees                       | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|           | No.                             | No.   | No.       | No.                              | %                                 |
| 0 - 3     | 5                               | 5     | 5         | 0                                | 0%                                |
| 4 - 6     | 9                               | 9     | 9         | 0                                | 0%                                |
| 7 - 9     | 3                               | 4     | 3         | 1                                | 11%                               |
| 10 - 12   |                                 |       |           |                                  |                                   |
| 13 - 15   | 1                               | 1     | 1         | 0                                | 0%                                |

| EMPLOYEES: SPORT AND RECREATION |           |       |           |                                  |                                   |
|---------------------------------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level                       | 2017      |       | 2018      |                                  |                                   |
|                                 | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                 | No.       | No.   | No.       | No.                              | %                                 |
| <b>16 - 18</b>                  |           |       |           |                                  |                                   |
| <b>19 - 20</b>                  |           |       |           |                                  |                                   |
| <b>Total</b>                    | 18        | 19    | 18        | 1                                |                                   |

| FINANCIAL PERFORMANCE 2018: SPORT AND RECREATION |        |                 |                   |        |                    |
|--|--------|-----------------|-------------------|--------|--------------------|
| Details  | 2017   |                 | 2018              |        | R'000              |
|  | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue                        | 9149   | 8997            | 9033              | 9679   | 7%                 |
| <b>Expenditure:</b>                              |        |                 |                   |        |                    |
| Employees  | 21058  | 23105           | 22654             | 22276  | -4%                |
| Repairs and Maintenance                          | 2837   | 3312            | 3925              | 3076   | -8%                |
| Other  | 19563  | 25080           | 22700             | 22523  | -11%               |
| Total Operational Expenditure                    | 43458  | 51497           | 49279             | 47875  | -8%                |
| Net Operational Expenditure                      | 34309  | 42500           | 40246             | 38197  | -11%               |

| CAPITAL EXPENDITURE 2018: SPORT AND RECREATION   |        |                   |                    |                               |                     |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | Budget | Adjustment Budget | 2018               | Variance from original budget | Total Project Value |
|  |        |                   | Actual Expenditure |                               |                     |
| <b>Total All</b>   | 5,098  | 5,745             | 5,610              | 9%                            |                     |
| Machinery & Equipment-New  | 5      | 5                 | 5                  | -6%                           |                     |
| Machinery & Equipment-Replacement  | 10     | 9                 | 9                  | -11%                          |                     |
| Construction of Wheelchair friendly Ramps towards beachfront at Diaz Beach at 2 Kuilen, between Sea Cottage and Trio Tower | 200    | 180               | 169                | -18%                          |                     |
| Machinery & Equipment-New  | 60     | 60                | 61                 | 2%                            |                     |
| Playing equipment in play park at Buisplaas  | 80     | —                 | —                  | -                             |                     |
| Playpark for children in Asla  | 80     | 56                | 56                 | -43%                          |                     |
| New Play Parks:Scholtz and Zingisa Street  | 80     | 56                | 56                 | -43%                          |                     |
| New Play Parks:Faku & Malusi Street  | 80     | 56                | 56                 | -43%                          |                     |
| New Play Parks:At corner of Adriaans Drive and Nkosana Mbangi street   | 80     | 56                | 56                 | -43%                          |                     |
| New Play Parks: Great Brak River   | 80     | 56                | 56                 | -43%                          |                     |
| Play Park-Sonskynvallei  | —      | 75                | 75                 | 100%                          |                     |



| CAPITAL EXPENDITURE 2018: SPORT AND RECREATION  |        |                   |                         |                               | R' 000              |
|---|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| <b>MINI MULTIPURPOSE PLAYPARK on open space at the back of Bersig Flats Corner of Grunter and Barracuda Street with fencing</b> | 200    | 200               | 192                     | -4%                           |                     |
| <b>Braai place in the park at Herbertsdale</b>  | 10     | 6                 | 6                       | -79%                          |                     |
| <b>New Fence between Tolbos and Peperboom Street</b>  | –      | 384               | 381                     | 100%                          |                     |
| <b>Tractor mounted blower-mower</b>   | 35     | 32                | 32                      | -10%                          |                     |
| <b>Gym Trim Course at Danabaai Community Hall</b>   | 25     | 22                | 22                      | -14%                          |                     |
| <b>Disability friendly walkways and steps in Great Brak, Glentana and Tergniet areas or all inclusive</b>                       | 120    | 120               | –                       | -                             |                     |
| <b>Play Park Equipment and Skate Park Ward 6</b>  | 300    | –                 | –                       | -                             |                     |
| <b>Furniture &amp; Office Equipment-New</b>   | 15     | 46                | 42                      | 64%                           |                     |
| <b>Furniture &amp; Office Equipment-Replacements</b>  | 15     | 31                | 31                      | 52%                           |                     |
| <b>Machinery &amp; Equipment-New</b>  | 15     | 38                | 32                      | 54%                           |                     |
| <b>Machinery &amp; Equipment-Replacement</b>  | 15     | 15                | 11                      | -40%                          |                     |
| <b>Resealing of Two Tennis Court: Hartenbos</b>   | 100    | 72                | 72                      | -39%                          |                     |
| <b>Upgrade the Ext 23 KwaNonqaba/D'Almeida Sports Fields B &amp; C</b>  | 2,112  | 2,112             | 2,111                   | 0%                            |                     |
| <b>Upgrade the Ext 23 KwaNonqaba/D'Almeida Sports Fields B &amp; C</b>  | –      | –                 | 1                       |                               |                     |
| <b>New Multi-Purpose/Soccer goal posts sets</b>   | 55     | 55                | 55                      | 0%                            |                     |
| <b>Upgrade Greenhaven Sport Filed</b>   | 800    | 1,147             | 1,138                   | 30%                           |                     |
| <b>Upgrade Greenhaven Sport Filed-CRR</b>   | –      | –                 | 33                      | 100%                          |                     |
| <b>Stabilisation of gravel embarkment at Sonskynvallei netball court</b>  | 120    | –                 | –                       | -                             |                     |
| <b>2 X Hand operated rollers for cricket pitches</b>  | 30     | 24                | 24                      | -25%                          |                     |
| <b>Upgrading of Sport Facilities</b>  | 175    | 175               | 195                     | 10%                           |                     |
| <b>Upgrading of Sport Facilities_CRR</b>  | –      | 19                | –                       | -                             |                     |
| <b>Fencing of Cricket Field with gate Ward 4</b>  | 100    | –                 | –                       | -                             |                     |
| <b>Upgrade / Renew kitchen facilities at Cricket and squash clubhouse Ward 4</b>  | 50     | 50                | 50                      | 0%                            |                     |
| <b>Cricket field flood lights Ward 4</b>  | 50     | 40                | 40                      | -25%                          |                     |
| <b>Synthetic run-ups for long jump</b>  | –      | 53                | 53                      | 100%                          |                     |
| <b>Replacement of Ride-on Mower</b>   | –      | 488               | 487                     | 100%                          |                     |
| <b>Construction of new “Jukskei” course</b>   | –      | 6                 | 4                       | 100%                          |                     |

**COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:**

There is a far greater demand for sports facilities to what the Municipality can supply. The Municipality are experiencing an over use of the existing facilities which places a huge burden on this section in terms of maintenance of the facilities. It will also be very difficult for the municipality to develop new facilities because of a shortage of available and suitable land as well as the cost involve in developing new facilities. For this reason, the Mossel Bay Municipality spends funds, sourced either internally or thru external funding, on the upgrade of facilities to such an extent that maximum amounts of people can utilize our existing facilities.

### 3.21 RESORTS

#### RESORTS

The Council took a resolution for the implementation of a Section 78 Investigation to decide on the further operation of the Point Caravan Park. The investigation is continuing and the Council take a decision on the way forward with the Point Caravan Park.

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### INTRODUCTION TO CORPORATE POLICY OFFICES

The functions in this category are distributed amongst different Directorates within the Mossel Bay Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for the specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, the Mayoral Committee and the Office of the Speaker.

### 3.22 EXECUTIVE AND COUNCIL

The Support Services Sub-Directorate renders a secretarial service to Council and support services to the organisation. It is sub-divided into the following sections and is managed by the Senior Manager - Support Services:

- Secretariat
- Typing
- Archives and Workflow
- Switchboard
- Security Services in and around main building
- Cleaning and Gardening
- Informal Trade

#### SECRETARIAT

During the period under review, secretarial services were rendered in respect of:

- Council and Committee Meetings
- Document Translation and Interpretation Services

The Municipality annually invites tenders for interpretation and translation services. Interpretation services are rendered from Afrikaans to IsiXhosa, and vice versa, during Council and Committee Meetings and any other official event which requires the service of an interpreter.

Tenders for document translation have been awarded to three individuals, of which one is a woman. They are responsible for translation of documents from Afrikaans to English, and vice versa and an African male who translates documents and renders interpretation services from Afrikaans to English to IsiXhosa, and vice versa.

| FINANCIAL PERFORMANCE 2018: THE EXECUTIVE AND COUNCIL |        |                 |                   |        | R'000              |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   | 2018            |                   | Actual | Variance to Budget |
|   | Actual | Original Budget | Adjustment Budget |        |                    |
| Total Operational Revenue                             | 20295  | 16539           | 19172             | 23559  | 30%                |
| <b>Expenditure:</b>                                   |        |                 |                   |        |                    |

| FINANCIAL PERFORMANCE 2018: THE EXECUTIVE AND COUNCIL |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | R'000              |
|   | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| <b>Employees</b>                                      | 31096  | 35860           | 35439             | 34663  | -3%                |
| <b>Repairs and Maintenance</b>                        | 59     | 133             | 138               | 174    | 24%                |
| <b>Other</b>  | 13200  | 13531           | 17456             | 17269  | 22%                |
| Total Operational Expenditure                         | 44355  | 49523           | 53033             | 52106  | 5%                 |
| Net Operational Expenditure                           | 24059  | 32984           | 33861             | 28547  | -16%               |

| CAPITAL EXPENDITURE 2018: THE EXECUTIVE AND COUNCIL        |        |                   |                    |                               |                     |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | 2017   |                   | 2018               |                               | R' 000              |
|  | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>   | 179    | 298               | 270                | 34%                           |                     |
| <b>Furniture &amp; Office Equipment</b>                    | 9      | 16                | 16                 | 42%                           |                     |
| <b>Furniture &amp; Office Equipment-Strategic Services</b> | 9      | 12                | 12                 | 25%                           |                     |
| <b>Computer Equipment -Strategic Services</b>              | 4      | 6                 | 5                  | 21%                           |                     |
| <b>Furniture &amp; Office Equipment-Council New</b>        | –      | 5                 | 4                  | 100%                          |                     |
| <b>Furniture &amp; Office Equipment-New</b>                | –      | 35                | 30                 | 100%                          |                     |
| <b>Furniture &amp; Office Equipment-New</b>                | –      | 8                 | 8                  | 100%                          |                     |
| <b>Furniture &amp; Office Equipment-Replacements</b>       | 35     | 39                | 38                 | 9%                            |                     |
| <b>Machinery &amp; Equipment-New</b>                       | –      | 7                 | 7                  | 100%                          |                     |
| <b>Furniture &amp; Office Equipment-Renewal</b>            | 20     | 20                | 10                 | -105%                         |                     |
| <b>Furniture &amp; Office Equipment (New)</b>              | 20     | 20                | 19                 | -5%                           |                     |
| <b>Furniture &amp; Office Equipment (Replacements)</b>     | 10     | 10                | 8                  | -32%                          |                     |
| <b>Furniture &amp; Office Equipment-New</b>                | 45     | 93                | 88                 | 50%                           |                     |
| <b>Furniture &amp; Office Equipment-Replacements</b>       | 6      | 6                 | 5                  | -25%                          |                     |
| <b>Computer Equipment-New</b>                              | 15     | 15                | 15                 | -2%                           |                     |
| <b>Computer Equipment-Replacements</b>                     | 6      | 6                 | 6                  | -4%                           |                     |

### 3.23 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

The Directorate Financial Services is responsible for the delivery of all financial-related services to the Municipality. This includes the following:

- Strategic financial guidance
- Budget, financial statements and related aspects
- Financial systems and the maintaining of a capital asset register
- Expenditure management, which includes salaries and wages
- Income and account services
- Supply Chain Management services

The aim of this Directorate is to keep the financial position of the Municipality stable, to ensure that it will continue to not only meet its financial commitments, but to ensure that economically viable services are rendered to the community on an effective and efficient basis. To maintain the present high standard of financial services, the Municipality must adhere to many Acts and other legal prescripts, policies, regulations, etc. Most important, however, is the Directorate's personnel that are very competent and highly motivated.

| FINANCIAL PERFORMANCE 2018: FINANCIAL SERVICES |         |                 |                   |         | R'000              |
|--|---------|-----------------|-------------------|---------|--------------------|
| Details  | 2017    | 2018            |                   | Actual  | Variance to Budget |
|  | Actual  | Original Budget | Adjustment Budget |         |                    |
| Total Operational Revenue                      | 144491  | 145690          | 152020            | 156659  | 7%                 |
| <b>Expenditure:</b>                            |         |                 |                   |         |                    |
| <b>Employees</b>                               | 19464   | 22544           | 22014             | 21204   | -6%                |
| <b>Repairs and Maintenance</b>                 | 13      | 41              | 43                | 25      | -64%               |
| <b>Other</b>                                   | 14693   | 16997           | 20586             | 20998   | 19%                |
| Total Operational Expenditure                  | 34170   | 39582           | 42643             | 42226   | 6%                 |
| Net Operational Expenditure                    | -110321 | -106107         | -109377           | -114432 | 7%                 |

| CAPITAL EXPENDITURE 2018: FINANCIAL SERVICES                       |        |                   |                    |                               | R' 000              |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects   | Budget | Adjustment Budget | 2018               | Variance from original budget | Total Project Value |
|  |        |                   | Actual Expenditure |                               |                     |
| <b>Total All</b>   | 131    | 1,062             | 554                | 76%                           |                     |
| <b>Replacement of CBS 20909</b>                                    | –      | 175               | –                  | -                             |                     |
| <b>Video Conferencing System-2nd Floor Committee Room</b>          | 15     | 29                | 20                 | 25%                           |                     |
| <b>Furniture &amp; Office Equipment-Budget Office-New</b>          | 10     | 3                 | 3                  | -193%                         |                     |
| <b>Furniture &amp; Office Equipment-Budget Office-Replacements</b> | 10     | 2                 | 2                  | -308%                         |                     |
| <b>Vehicle: Insurance</b>  | –      | 610               | 284                | 100%                          |                     |
| <b>Computer Replacements: Insurance</b>                            | –      | –                 | 4                  | 100%                          |                     |
| <b>Building: Insurance_(R)</b>                                     | –      | 120               | 35                 | 100%                          |                     |
| <b>Furniture &amp; Office Equipment-Insurance_(R)</b>              | –      | 20                | 33                 | 100%                          |                     |

| CAPITAL EXPENDITURE 2018: FINANCIAL SERVICES        |        |                   |                         |                               | R' 000              |
|---|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects                                    | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| Machinery & Equipment-Insurance_(R)                 | –      | 60                | 132                     | 100%                          |                     |
| Furniture & Office Equipment-Income-New             | 12     | 0                 | 0                       | -3785%                        |                     |
| Furniture & Office Equipment-Income-Replacements    | 13     | 9                 | 9                       | -52%                          |                     |
| Computer Equipment                                  | 2      | –                 | –                       | -                             |                     |
| Cameras at the Cashiers                             | –      | 20                | 20                      | 100%                          |                     |
| Furniture & Office Equipment-Creditors (N)          | 1      | 1                 | 1                       | -26%                          |                     |
| Computer Equipment- Creditors (N)                   | 11     | –                 | –                       | -                             |                     |
| Furniture & Office Equipment-Creditors (R)          | 5      | 5                 | 4                       | -13%                          |                     |
| Computer Equipment-Creditors (R)                    | 22     | –                 | –                       | -                             |                     |
| Furniture & Office Equipment-Salaries & Wages (R)   | 3      | 3                 | 3                       | 4%                            |                     |
| Computer Equipment-Salaries & Wages (R)             | –      | –                 | –                       | -                             |                     |
| Furniture & Office Equipment-Salaries and Wages (N) | 16     | 4                 | 3                       | -394%                         |                     |
| Computer Equipment- Salaries and wages (N)          | 11     | –                 | –                       | -                             |                     |

#### COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The Directorate was actively involved in the Council's achievement of its 6<sup>th</sup> clean audit, in succession. Compliance to relevant legislation, regulations and other prescriptions were adhered to without any negative audit findings. All root causes of issues raised by the Auditor-General (AG) in previous year was addressed in the pursuit of another clean audit. The tabling of the relevant Budgets was done within prescribed deadlines and complied with the legislative formats. The 30 June 2018 Annual Financial Statements was submitted late on the 12<sup>th</sup> of September 2018, mainly as a result of additional workload place on the internal capacity to implement mSCOA.

As part of its portfolio the investments of surplus funds were actively pursuit with higher than budgeted returns received for a few financial years in a row. Strict budget control ensured again a cash surplus for the year under review. The cash surplus of R 20 million was contributed to the Capital Replacement Reserve, the reserves balance is fully cash-backed. Apart from the additional contribution to the CRR cash was also set aside for the phasing in of the refuse tariffs as a result of the regional landfill site and the establishment of a self-insurance fund to the value of R 10 and 19 million respectively. The financial ratios indicate that the Municipality financially is sound and that internal control measures are in place.

The staff are deemed to be competent in their environment and the Department is actively involved in training and coaching of its staff. For this reason, both external audit and internal audit reports indicate proficiency, diligence and accountability in the execution of the department's duties.

### 3.24 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Management and Development is critical in building stability in a municipality and ensure that the municipality is optimally resourced and capacitated to fulfil its mandate. The skills and knowledge to select and use effective and efficient criteria and tools to recruit staff, and to capacitate and continuously develop those selected staff falls within the scope and expertise of human resources division. To be able to not only maintain, but also to develop and improve the workforce force the Human Resources division to revise and develop policies, strategies, procedures and initiatives to perform on an exceptionally high level.

The Human Resources division renders a support function to all directorates and takes full responsibility for the development, maintenance and administration of all matters relating to the Municipality's workforce.

The Human Resources division is responsible for the following disciplines:

#### **EMPLOYEE WELLNESS**

The core of this discipline is the Employee Assistance Programme and Policy that enables the Municipality to assist employees with problems they may experience, whether personal or work related, that have a negative impact on their work performance, health or emotional well-being. The programme provide confidential short-term referrals to professional external service providers. During the 2017/2018 year a total of 23 employees sought help and assistance from this programme.

The following programs were also rolled out as part of this programme:

- HIV & TB roadshow in collaboration with Department of health and the Piet Julies Centre
- Domestic Violence workshops which were well attended
- Health Wellness Day
- Financial Wellness Day
- Financial Education sessions presented by Financial Institutions where employees were educated on loan administration, wills and budgeting principles

This section is also responsible for the monitoring of sick leave usage by employees. A process was developed where the sick leave usage of employees with sick leave of more than 12 days in a year are monitored. For the reporting period a total of 172 employees were monitored which resulted in letters addressed to the relevant employees to be more careful with sick leave usage, alternative placements, permanent medical disabilities or assistance by professional external service providers.

#### **LABOUR RELATIONS**

The Labour Relations Division plays a key role in the implementation and maintenance of sound discipline by thoroughly and speedily investigating all allegations of misconduct. The objective of the Labour Relations Section within the Human Resources Sub-Directorate is to at all times comply with section 1(d) (iv) of the Labour Relations Act, 66 of 1995 which stipulates that disputes should be resolved quickly and effectively. Strict action is taken in order to enforce the standards of discipline and service delivery that is endorsed by the Constitution of the Republic of South Africa, 1996. Consistency and fairness forms the cornerstone of each and every disciplinary action taken and the guidelines set in the items contained in Schedule 8 of the Labour Relations Act (Code of Good Practise), our common law as well as the Disciplinary Procedure Collective Agreement Collective Agreement are followed at all times. The Mossel Bay Municipality has a zero-tolerance attitude towards dishonesty related offences such as corruption, fraud, theft, falsification of records, finance related offences and unauthorised possession of the

employer's property. In line with this zero-tolerance policy, employees who commits an act of gross dishonesty can expect the employer to request dismissal as sanction at a disciplinary hearing to comply with the Parity Principle of consistency.

The Labour Relations Division further also assist with Incapacity Enquiries relating to Poor Performance and ill Health by conducting investigations where required or forming part of an investigative panel and furnishing advise if and when needed from a Labour Law perspective using the relevant Items of Schedule 8 of the Labour Relations Act (Code of Good Practise) as guidance.

Monthly and quarterly items and reports are also submitted Labour Relations Division to the Council, Executive Committee, Directors and COGTA to keep them posted on the developments with regard to disciplinary matters finalised each month, or semester and all new matter received every month as well as any dismissals or resignations after receipt of a charge sheet.

The Labour Relations Division of the Mossel Bay Municipality is the only one in the Western Cape Province that, with exception, attends to all their own Conciliation and Arbitration matters at the Bargaining Council (SALGBC) or Commission for Conciliation, Mediation and Arbitration (CCMA).

For the period 1 July 2017 to 30 June 2018 the Labour Relations Division received 262 new Reports of Incidents on allegations of misconduct. Over the same period of time 200 matters were finalised either by way of Informal or Formal Disciplinary Enquiries.

During the above said period 10 new matters were also referred to the South African Local Government Bargaining Council (SALGBC) of which 5 has already been finalised at Arbitration level and awards given in favour of the Municipality. Only in 1 matter that originated prior to the period in question was an Award given of one month's pay in favour of an employee on a Promotion dispute.

## **RECRUITMENT AND SELECTION**

This discipline is driven by the Recruitment Policy that is revised and improved on a regular basis to ensure compliance with legislation, but also to ensure consistent and transparent recruitment criteria and procedures. Any amendments to this policy are workshopped with Trade Unions as part of the transparent, inclusive and participating policy development process followed by the Municipality.

## **SKILLS DEVELOPMENT AND TRAINING**

Section 68(1) of the Municipal Systems Act states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act.

## **OCCUPATIONAL HEALTH AND SAFETY**

This function assists in maintaining the health and safety system in the municipality and strive to eradicate injuries on duty. A vehicle was purchased during the reporting period for the exclusive use of the OHS Officer and OHS Assistant/Inspector. This means that a vehicle is available at all times for urgent or important, and sometimes unexpected, site inspections.



## LEAVE AND BENEFITS

Leave and benefits are regulated by Collective Agreements and Policies and membership to accredited Pension or Retirement Funds are compulsory, whilst membership of medical aid schemes are optional.

## TIME AND ATTENDANCE

Attendance of the workforce has a direct impact on service delivery. Mossel Bay Municipality has invested in an electronic system where every employee is registered on 73 fixed devices and 14 mobile units. Daily attendance is monitored by 44 managers by means of automated daily reports that indicates any exceptions from official working hours, e.g. late arrivals, early departures, etc. Except for a decrease in unauthorised absence, the system is a very useful tool in the identification of absenteeism trends which enable a Manager to address absenteeism in an early stage.

| EMPLOYEES: HUMAN RESOURCE SERVICES |           |           |           |                                  |                                   |
|------------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                          | 2017      |           | 2018      |                                  |                                   |
|                                    | Employees | Posts     | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                    | No.       | No.       | No.       | No.                              | %                                 |
| 0 - 3                              | 1         | 1         | 1         | 0                                | 0%                                |
| 4 - 6                              | 3         | 3         | 3         | 0                                | 0%                                |
| 7 - 9                              | 6         | 8         | 6         | 2                                | 25%                               |
| 10 - 12                            | 7         | 15        | 7         | 8                                | 53%                               |
| 13 - 15                            | 9         | 15        | 9         | 6                                | 40%                               |
| 16 - 18                            | 11        | 21        | 11        | 10                               | 48%                               |
| 19 - 20                            | 18        | 30        | 18        | 12                               | 40%                               |
| <b>Total</b>                       | <b>55</b> | <b>93</b> | <b>55</b> | <b>38</b>                        | <b>41%</b>                        |

| FINANCIAL PERFORMANCE 2018: HUMAN RESOURCE SERVICES |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | R'000              |
|   | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
|   |        |                 |                   |        |                    |
| Total Operational Revenue                           | 756    | 0               | 240               | 827    | 100%               |
| <b>Expenditure:</b>                                 |        |                 |                   |        |                    |
| Employees   | -3211  | 26511           | 24425             | 28743  | 8%                 |
| Repairs and Maintenance                             | 11     | 33              | 35                | 34     | 2%                 |
| Other   | 2773   | 4313            | 4919              | 4205   | -3%                |
| Total Operational Expenditure                       | -426   | 30857           | 29379             | 32982  | 6%                 |
| Net Operational Expenditure                         | -1182  | 30857           | 29139             | 32155  | 4%                 |

| CAPITAL EXPENDITURE 2018: HUMAN RESOURCE SERVICES           |        |                   |                    |                               | R' 000              |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects  | 2018   |                   |                    |                               | Total Project Value |
|   | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |                     |
| <b>Total All</b>  | 270    | 264               | 264                | -2%                           |                     |
| <b>Furniture &amp; Office Equipment Replacements</b>        | 8      | 8                 | 8                  | -2%                           |                     |
| <b>Furniture &amp; Office Equipment_New-Human Resources</b> | 19     | 31                | 31                 | 39%                           |                     |
| <b>Computer Equipment</b>                                   | 5      | 4                 | 4                  | -41%                          |                     |
| <b>2 New Offices at Human Resources</b>                     | 40     | 35                | 35                 | -15%                          |                     |
| <b>Purchase of a New Bakkie</b>                             | 170    | 165               | 165                | -3%                           |                     |
| <b>Air conditioners</b>                                     | 28     | 21                | 21                 | -34%                          |                     |

#### COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Mossel Bay Municipality identified the need to re-visit its existing organizational structures with a view to review and re-design the organizational structure in line with legislative powers and functions and refresh them in line with local situations, operational requirements and service delivery demands. Organisational challenges were difficult to manage due to incoherent functional allocations between directorates and divisions. Another main issue that led to the decision to embark on a comprehensive review was the large number of discrepancies and contestations in post levels. It became abundantly clear that proper restructuring was required.

An external service provider was appointed to assist the Municipality with the process and to align the organizational structure with the municipal mandate and its service delivery, operational and budgetary requirements.

A new organisational structure was approved by Council in December 2017. The macro structure consists of the following directorates:

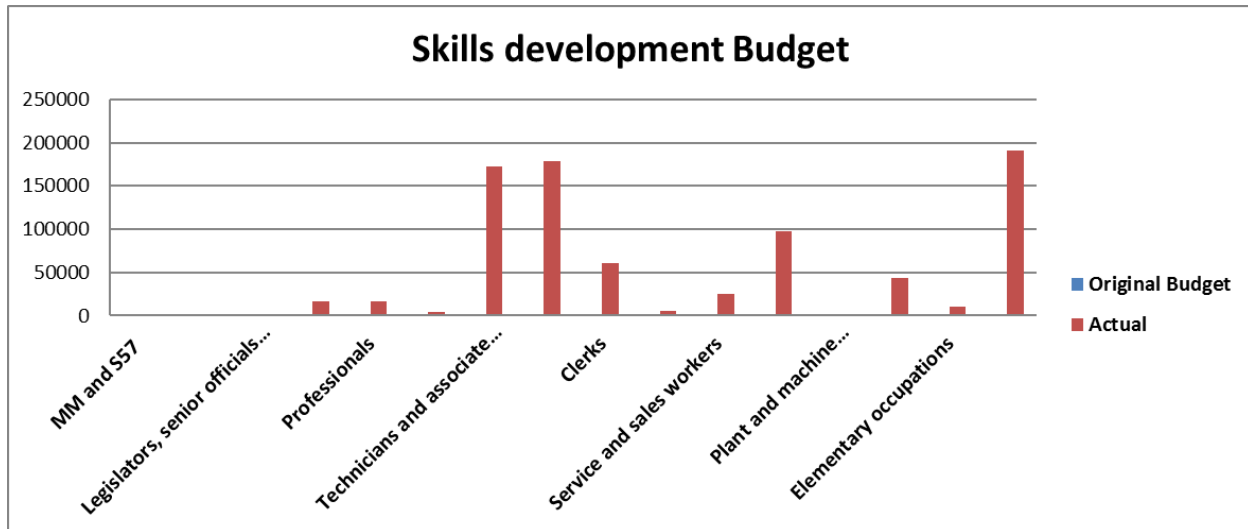
- Office of the Municipal Manager
- Directorate Corporate Services
- Directorate Financial Services
- Directorate Infrastructure Services
- Directorate Community Services
- Directorate Planning and Economic Development

A Skills Audit was done by the same external service provider. The purpose of the Skills Audit was to present a complementary, however comprehensive and individualized skills needs analysis of the Municipality. This is considered as an important intervention to provide and verify applicable skills data and information to be utilized during the implementation phase of the new organizational structure as well as a very useful tool for the identification of critical skills and workplace development.

During this process all employees were encouraged to take part in the process. A 97% return was achieved on the skills audit questionnaires.

During this process the single highest training need is ABET training. This is an indication that the Municipality's employees seriously want to improve their educational level to the benefit of the organisation.

This process was completed by the end of the reporting period. The next phase of the process is the revision of the Job Descriptions of all posts within the Municipality in an attempt to address the large number of discrepancies and contestations in post levels.



### 3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Sub-Directorate Information and Communication Technology resorts under the Director Corporate Services and fulfils a very sophisticated support service to the whole of the Municipality in providing all Corporate Systems, data and Voice Over Internet Protocol services to the Head Office and all satellite offices. The staff complement consists of the IT Manager, Systems Administrator, Network Engineer, IT Technician and GIS Administrator.

The Sub-Directorate delivers services to the various offices situated at Montagu Place (Planning and Integrated Services), George Road (Technical and Electricity Services), the Point Caravan Park, Hartenbos (Socio-Economic Development Sub-Directorate), Old Power Station (Human Resources), Great Brak River, Friemersheim, Herbertsdale, KwaNonqaba, Plaza Aquada (Community Services, Supply Chain Management and Strategic Services), Stores and Fire Brigade and some of the officials that have radio links to their homes. A total of 111 radios are managed that connect the entire municipal environment with each other.

The main aim of this Sub-Directorate is to provide a continuous support to all users and ensure a 100% uptime of all the different systems in use by the Municipality as this is also one of its Key Performance Indicators (KPI). Although the KPI target is 100%, this is not always achievable. The main obstacles to overcome in achieving this goal are hardware component failure, power disruptions and critical software updates that sometimes cause complications.

The pressure on the present very small staff complement of the Sub-Directorate is ever increasing due to the overall increase in the Municipality's workforce. Notwithstanding these challenges an average uptime of 99% for all services was achieved. All four of the functional streams need an additional appointment to ensure the service delivery expected from the Sub Directorate as well as service continuity. We are expecting to appoint another desktop support IT Technician from January 2019 that will help in many regards.

During the oversight year, some capital projects were carried out. The biggest of these were the acquisition and implementation of almost 200 desktop and laptop computer installations. We have also added additional storage space for the Virtual Machine (VM) environment. This project was implemented to cater for anticipated implementation of new modules on Collaborator and Promun and the exponential growth in data size. The new website that went live in May 2017 is functioning well.

A Firewall logging solution has been implemented to provide IT with the necessary information, data and statistics on everything that happens on the Firewall. A few smaller radio networking infrastructure and Wi-Fi at municipal buildings projects have also been successfully completed. The ongoing GIS project is showing good progress and finally starting to show good business value and return on investment. We can gladly state that almost all departments are increasingly starting to engage in projects on the GIS like the Fire Brigade, Financial Services, Town Planning, Integrated Development Planning, Health Services and Parks and Recreation. Community-accessed Wi-Fi hotspots in disadvantaged areas are well in use.

External service providers have been contracted to aid the Municipality in the support and maintenance of the VM environment radio network infrastructure, network cabling infrastructure and the provision of printer peripherals and maintenance thereof.

#### SERVICE STATISTICS FOR IT SERVICES

IT manages an environment with 47 servers, 16 corporate software packages and 410 users. IT handles in total an average of 140 logged calls a month that is considerably less than previous years. Many more are assisted telephonically though.

| Financial Performance 2018: ICT Services |                |                    |                              |        | R'000                    |
|--|----------------|--------------------|------------------------------|--------|--------------------------|
| Details                                  | 2017<br>Actual | Original<br>Budget | 2018<br>Adjustment<br>Budget | Actual | Variance<br>to<br>Budget |
| Total Operational Revenue                | 0              | 0                  | 0                            | 0      | -                        |
| <b>Expenditure:</b>                      |                |                    |                              |        |                          |
| <b>Employees</b>                         | 2074           | 2349               | 2318                         | 2288   | -3%                      |
| <b>Repairs and Maintenance</b>           | 66             | 127                | 80                           | 5      | -2313%                   |
| <b>Other</b>                             | 5393           | 7259               | 7619                         | 5909   | -23%                     |
| Total Operational Expenditure            | 7532           | 9735               | 10016                        | 8202   | -19%                     |
| Net Operational Expenditure              | 7532           | 9735               | 10016                        | 8202   | -19%                     |

| CAPITAL EXPENDITURE 2018: ICT SERVICES  |        |                   |                         |                               | R' 000              |
|---|--------|-------------------|-------------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018 Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>  | 2,225  | 4,077             | 3,399                   | 35%                           |                     |
| <b>Computers (New-Electricity)</b>  | 53     | –                 | –                       | -                             |                     |
| <b>Computers (New-Other)</b>  | –      | 969               | 490                     |                               |                     |
| <b>Computers (Replacements-Other)</b>   | 1,283  | 2,079             | 1,913                   | 33%                           |                     |
| <b>Network Switches</b>   | 80     | 171               | 141                     | 43%                           |                     |
| <b>VM Solutions Data Capacity</b>   | 330    | 658               | 658                     | 50%                           |                     |
| <b>Extension Ladder &amp; Toolkit</b>   | 4      | 3                 | 2                       | -64%                          |                     |
| <b>LT07 Ultrium Backup Tape Drive</b>   | 100    | –                 | –                       | -                             |                     |
| <b>New Fibre Optic connection between Head Office and the DR site and new 10Gb switching gear</b> | 295    | –                 | –                       | -                             |                     |
| <b>UPS for high sites</b>   | 15     | 10                | 10                      | -50%                          |                     |
| <b>Radio Network Backbone redundancy</b>  | 65     | 73                | 71                      | 8%                            |                     |
| <b>Project - Fortigate 400e analyser for Firewall</b>   | –      | 114               | 114                     | 100%                          |                     |

#### COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The overall performance of this Sub-Directorate is measured and monitored continuously by set Key Performance Areas with specific monitoring tools to improve overall uptime of services, speedily resolved hardware and software problems and better overall networking capabilities. With its very committed and motivated personnel all fields of expectations and deliverables are met to the best of the Sub-Directorate's abilities.

### 3.26 LEGAL SERVICES AND RISK MANAGEMENT

#### INTRODUCTION TO PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal Services reports to the Office of the Municipal Manager and ensures that all actions and decisions taken by Council and its structures are in compliance with legislation and the legal framework of Mossel Bay Municipality.

Legal Services also provides a support function to the respective Directorates with regard to legal advice, contracts and by-laws. It provides a supportive and advisory function which strengthens the capacity of the Municipality to fulfil its legislative mandate. Legal Services also administers the fraud and risk function of the Municipality, which aims to support the objectives of the Municipality to implement and maintain effective systems to identify and mitigate identified risks.

Legal Services assisted with the Section 78 Investigation of the Point Caravan Park and both phases were completed during the year. A comprehensive public participation process was conducted during April and May 2018 where after the final item was referred to Council. Council is due to make a final decision during its Council Meeting held on 26 July 2018. Should Council decide to proceed with the tender process for the management and lease of the Caravan Park it envisages to result in the upgrading of the Park to a 3-star facility in terms of the Tourism Grading Council of South Africa and which will enhance the current Park as a tourism attraction in Mossel Bay.

Legal Services was also directly involved in the public participation processes of the Souwesia Caravan Park and the proposed development of Erf 3991, Diaz Beach. Final items were also referred to Council whom will make a decision in this regard during its Meeting to be held on 26 July 2018. Should the Municipality proceed with the Diaz Beach development it is envisaged that this would be an upmarket project but would also accommodate, as a whole, at least 55 units for middle income households. The development would enhance the Diaz Beach area and value thereof.

Legal Services has also undertaken more interesting and exciting projects such as the proposed new zip line at the Point which is envisaged to become operational during the latter part of 2018 or early 2019. It is envisaged that the route will be from past the lighthouse with the base station being on the deck adjacent to the Big Blu Restaurant. This will be a first for Mossel Bay and it is believed that it will become one of the main tourist attractions in the area.

Legal Services assisted with the project of the Community Police Forum of utilising horses on beaches for enhanced safety which was implemented during December 2017. The Municipality and in particularly Legal Services works in close relation with the Neighbourhood Watches and assist in drafting a policy on the utilisation of municipal infrastructure by the Neighbourhood Watches and reduced tariffs in order to assist and contribute to the safety of the community in terms of its Constitutional mandate.

The Municipality conducted an investigation into the development of the Mossel Bay Airfield and Legal Services is involved in the implementation of the recommendations tabled and approved by Council. Legal Services is involved in various negotiations that took place and it is envisaged that further reports will be tabled to Council for consideration to ensure the development of an airfield that would meet the growing needs of the larger community.

Following a decision by Council the municipal Farm, Kleinbosch which was currently used as a plantation and where pine trees were recently harvested was sold by means of a municipal auction and the registration is in process. The alienation of the Farm will be subject to servitudes registered in favour of the Municipality for water rights and will allow for the development that that Farm which will result in stimulation of the local economy.

The old "Shoemaker Building" in Montagu Street was leased to MOTHS as the building itself is an historic icon in Mossel Bay. The lease is for a period of three (3) years during which the building will serve as a meeting place and where war memorabilia.

Officials within the Sub-Directorate are also involved and assists with arrangements and organising various municipal festivals and functions such as the Mayoral Gala, Diaz Festival and Sport & Recreation Festivals which have been successfully hosted for the past seven (7) years. A new festival known as the MossJazz Festival was also introduced and Legal Services assisted with the agreement.

As Legal Services is responsible for an effective and efficient contract management system within the Municipality an electronic service level agreement system has been implemented and is being continuously improved. This system enables proper and effective record keeping and assists in measuring and evaluating performance of service providers in terms of agreements.

Assistance was provided by Legal Services to the Directorate: Planning and Integrated Services in finalising the important Mossel Bay Zoning Scheme By-Law, which was promulgated on 18 January 2018. Likewise, Legal Services promulgated a new by-Law, the Mossel Bay Municipality By-Law on Control of Undertakings that Sell Liquor to the

public on 6 July 2018 that allows for off-consumption premises to trade during certain hours on Sundays and public holidays. The Mossel Bay Municipality Nuisance By-Law was also revised and Section 12 amended to ensure that the illegal removal of soil is transgression in terms of the By-Law.

| FINANCIAL PERFORMANCE 2018: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES |        |                 |                   |        |                    |
|---|--------|-----------------|-------------------|--------|--------------------|
| Details   | 2017   |                 | 2018              |        | R'000              |
|   | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue   | 4760   | 4057            | 6263              | 7140   | 43%                |
| <b>Expenditure:</b>   |        |                 |                   |        |                    |
| <b>Employees</b>  | 8854   | 11477           | 10947             | 10801  | -6%                |
| <b>Repairs and Maintenance</b>  | 1665   | 2022            | 2662              | 2482   | 19%                |
| <b>Other</b>  | 12838  | 12330           | 14621             | 13186  | 6%                 |
| Total Operational Expenditure   | 23357  | 25829           | 28229             | 26469  | 2%                 |
| Net Operational Expenditure   | 18598  | 21772           | 21967             | 19329  | -13%               |

| CAPITAL EXPENDITURE 2018: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES |        |                   |                    |                               |                     |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects  | Budget | Adjustment Budget | 2018               |                               | R' 000              |
|   |        |                   | Actual Expenditure | Variance from original budget | Total Project Value |
| <b>Total All</b>  | 729    | 726               | 722                | -1%                           |                     |
| <b>Furniture &amp; Office Equipment-Legal Services</b>                              | 10     | 8                 | 8                  | -12%                          |                     |
| <b>Computer Equipment -Strategic Services</b>                                       | 40     | 42                | 42                 | 4%                            |                     |
| <b>Purchase of a new telephone</b>  | –      | 3                 | 3                  | 100%                          |                     |
| <b>Shelving of New Safe (records of Legal and SCM documentation)</b>                | 500    | 500               | 500                | 0%                            |                     |
| <b>Furniture &amp; Office Equipment-Legal Services</b>                              | 15     | 11                | 11                 | -39%                          |                     |
| <b>Shelving: Planning &amp; Integrated Services</b>                                 | 5      | 4                 | 4                  | -4%                           |                     |
| <b>Furniture &amp; Office Equipment-SCM(New_P)</b>                                  | 3      | 11                | 11                 | 73%                           |                     |
| <b>Furniture &amp; Office Equipment-SCM(Replacement_P)</b>                          | 2      | 22                | 21                 | 91%                           |                     |
| <b>Furniture &amp; Office Equipment-SCM(Replacement_L)</b>                          | –      | 2                 | 2                  | 100%                          |                     |
| <b>Computer Equipment (Replacements_L)</b>  | 3      | 3                 | 3                  | -10%                          |                     |
| <b>Computer Equipment (Replacement_P)</b>   | 2      | 4                 | 3                  | 37%                           |                     |
| <b>Photocopier at the Stores</b>  | 60     | 38                | 36                 | -66%                          |                     |
| <b>Sealing of the new store floor</b>   | 90     | 78                | 78                 | -16%                          |                     |

## **COMPONENT J: MISCELLANEOUS**

### **MUNICIPAL COURT**

The purpose of this item is to provide feedback on the progress of the Municipal Court for the period 01 July 2017 – 30 June 2018. The Municipal Court has an important function in ensuring compliance with National and Provincial legislation as well as Municipal By-Laws. This is done by the successful prosecution of, inter alia, traffic related offences received from both the Provincial and Municipal Traffic Departments, Municipal By-Laws and other delegated prosecutorial duties as per the Director of Public Prosecution. The Mossel Bay Municipal Court has a newly appointed Prosecutor, Mrs N. Slabbert in January 2018, who was the relief Prosecutor since August 2017. She initially performed her prosecutorial duties by means of a delegation from the National Prosecuting Authority to prosecute traffic related offences, building transgressions and Municipal By-laws. However, her delegation was recently amended to now prosecute all and any offence in the Municipal Court under the direction of the Control Prosecutor, Mr P. Dempsey.

During this period, 14 713 cases were placed on the court roll of which 9892 warrants of arrest were authorised for default payments and/or contempt of court, 1736 cases were finalised in court and 1226 cases were referred to court for hearing.

The Municipal Traffic Department together with Law Enforcement Officers held numerous random warrant of arrest operations during this period to give effect to outstanding warrants and fines.

The Municipal Court also dealt with matters from the Directorate: Planning and Integrated Services such as failure to submit building plans, failure to apply for occupancy certificates, building contrary to approved plans, building illegal structures and failure to remove building rubble, to name but a few. The Court heard a number of building regulation trials during this period. There were 106 building-related cases on the roll during this period. Other Municipal By-Law related offences that were placed on the roll during this period include outdoor advertising, public nuisance and keeping of animals and By-Laws relating to, inter alia Streets.

Furthermore, the Municipal Court received payment on Municipal and Provincial fines (traffic / building / By-Laws included) in the amount of R 3 341 820. Payments received on Traffic and Municipal By-Law fines are paid to Council.

Various ongoing workshops have been presented by the Prosecutor for Law Enforcement and Traffic Officers of the Municipality on By-laws and the National Road Traffic Act and Regulations resulting in better enforcement thereof. Further training for Peace Officers will be undertaken during the next few months enhancing the municipality's efficiency. Various fine lists were also compiled in respect of the Municipality's By-laws and the national building regulations, community fire safety by-law and outdoor advertising and signage.

During March 2018, the Municipal Court completed the renovation and improvement of the storeroom and built a new storage /archive to be used by the Municipal Court as well as the greater Municipality for storage purposes. This archive greatly assists the Municipal Court in the correct filing and storing of court documents as prescribed by law.

The Municipal Court provides a phenomenal service to the community in legislative enforcement as mandated in terms of Section 152 of the Constitution that prescribes the provision of a safe and healthy environment for the



community. The public is becoming more aware of the various Municipal By-Laws and offences as a result of successful prosecution, compliance notices and numerous fines issued to enforce compliance in this regard.

#### **GOODS SHED**

The Goods Shed, situated at the Mossel Bay Harbor, is the property of Transnet. This historic stone building is leased by the Municipality and is operated as an Indoor Flea Market – the biggest of its kind in the Southern Cape.

The Municipality handles the projects that are being done at the Goods Shed as well as upgrading of the premises. The Municipality also gives logistical support with regard to activities at the Goods Shed. The Municipality is also responsible for the allocation of stalls at the Goods Shed and the Independent Entrepreneurs Association handles the management thereof.

#### **INDEPENDENT ENTREPRENEURS ASSOCIATION**

The Independent Entrepreneurs Association handles the allocation of stalls for informal trading at Hartenbos, the Point, Little Brak River, Santos Beach and Great Brak River during the peak holiday seasons. The Association is responsible for the management of the stalls on behalf of the Municipality. The Independent Entrepreneurs Association also assists with the allocation of stalls during the Dias & Port Festival and the Sports & Recreation Festival.

The Independent Entrepreneurs Association (IEA) also hold three evening markets during December of each year. A portion of the proceeds of these evening markets are donated to a chosen NGO as well as a contribution to the Executive Mayoral Fund.

The Municipality has a representative on the Management of the Independent Entrepreneurs Association who, inter alia, convey Council Resolutions with regard to informal trading in Mossel Bay and explain new Rules pertaining to the activities of informal trading.

## **COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD**

### **ORGANISATIONAL PERFORMANCE MANAGEMENT AND TOP-LEVEL SDBIP REPORT**

The Mossel Bay Municipality has built on its previous achievements and has continued to make tremendous advances in improving organisational performance. This was made possible by fostering a culture of performance within its structures and has contributed immensely to the successes achieved by the organisation. This performance-driven culture would not have been made possible, if it were not for the commitment and buy-in from the top management, who remain geared to promote performance management within the Local Government sphere. The management of organisational performance is, however, not a static discipline and is constantly influenced by external as well as internal factors. Therefore, management is engaged in proactive activities to increase its readiness for anticipated changes. As the focus shifts more and more to the performance of Local Government it remains a challenge to implement and comply with changes to Legislation and Regulations that in many cases follow a singular approach, while neglecting the fact that municipalities operate within vastly different environments with a varying amount of resources. Despite facing these challenges, the Municipality has improved its organisational performance system in the following manner:

- Implementation of Performance Management System by creating an organisational culture of performance monitoring and evaluation;
- Setting Key Performance Indicators (KPI's) that are reliable, well-defined, verifiable, cost-effective;
- Appropriate and Relevant;
- The developing and setting of targets that comply with the SMART principle by being Specific;
- Measurable, achievable, relevant as well as being time-bound;
- Stronger / clear linkage between IDP, Budget, SDBIP and Annual Report;
- Regular reporting on organisational performance, to assist in the monitoring of performance and to identify instances where corrective actions may be needed; and
- The review and expansion of organisational macro and micro-structures and the filling of key posts to implement projects and programmes.

On a strategic level the overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level SDBIP) for the organisation. While on an operational level, performance is monitored via the Departmental Service Delivery Budget Implementation Plan (SDBIP) throughout the various department in the Municipality.

# TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP) SCORECARD: 2017/2018:

The following is the Top-Level SDBIP scorecard for the 2017/2018 financial year:

| KEY:     |                    |           |               |          |     |          |            |          |         |
|----------|--------------------|-----------|---------------|----------|-----|----------|------------|----------|---------|
| <b>B</b> | Extremely well met | <b>G2</b> | Very well met | <b>G</b> | Met | <b>O</b> | Almost met | <b>R</b> | Not met |

## Municipal Manager

| Ref | Strategic Objective   | KPI  | Unit of Measurement  | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |   |   |                     |
|-----|---|--|--|----------|---|-----------------------|--------|---|---|---------------------|
|     |   |  |  |          |   | Target                | Actual | R | SDBIP Comments  | Corrective Measures |
| TL1 | Embed good governance through sound administrative practices and improved stakeholder relations         | Effective functioning of council measured in terms of the number of ordinary council meetings per annum  | Number of ordinary council meetings per annum  | 10       | A total of 10 Ordinary Council meetings held for the 2016-2017 financial year | 10                    | 10     | G | A total of 10 Ordinary Council meetings held for the 2017-2018 financial year | Target achieved     |
| TL2 | Embed good governance through sound administrative practices and improved stakeholder relations         | Effective functioning of the committee system measured by the number of committee meetings per committee per annum                             | Number of sec 80 committee meetings per committee per annum  | 10       | A total of 8 Section 80 committee meetings held for the 2016-2017             | 10                    | 10     | G | A total of 10 Section 80 committee meetings held for the 2017-2018            | Target achieved     |
| TL3 | Embed financial viability and sustainability through good financial management principles and practices | The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved  | Top Layer SDBIP approved within 28 days after the Main Budget has been approved                        | 1        | The SDBIP was approved on 26 June 2017, within time frame                     | 1                     | 1      | G | The SDBIP 2018-2019 approved within 28 days after deadline                    | Target achieved     |
| TL4 | Embed good governance through sound administrative practices and improved stakeholder relations         | Ensuring performance by the timeous development and signing of the Section 57 performance agreements in adherence to the Performance Framework | Number of signed performance agreements of Section 57 managers within 14 days of approval of the SDBIP | 6        | Performance agreements completed and signed for all Section 57 employees      | 7                     | 7      | G | Performance agreements completed and signed for all Section 57 employees      | Target achieved     |

| Municipal Manager |   |  |  |          |   |                       |        |    |   |  |
|-------------------|---|--|--|----------|---|-----------------------|--------|----|---|--|
| Ref               | Strategic Objective   | KPI  | Unit of Measurement  | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |    |   |  |
|                   |   |  |  |          |   | Target                | Actual | R  | SDBIP Comments  | Corrective Measures  |
| TL5               | Embed good governance through sound administrative practices and improved stakeholder relations         | Evaluate the performance of Section 57 managers in terms of their signed agreements  | Number of formal evaluations completed per Section 57 employee   | 2        | Two formal evaluation done for Section 57 employees for 2016-2017 | 2                     | 2      | G  | Two formal evaluation done for Section 57 employees for 2017-2018 | Target achieved  |
| TL6               | Embed financial viability and sustainability through good financial management principles and practices | Risk based audit plan approved by Audit Committee for 2018<br><br>[2016-2017: Risk based audit plan approved by Audit Committee for 2017]  | Risk based audit plan approved by February 2018<br><br>[2016-2017: Risk based audit plan approved by February 2017]                  | 1        | Audit plan approved by the Audit Committee                        | 1                     | 0      | R  | Risk Based Audit Plan approved in March 2018                      | The previous term for the Audit Committee lapsed. Risk Based Audit Plan approved in March 2018 due to the appointment of the new Audit Committee members. A new approach will be followed with the filling of Audit Committee members. |
| TL7               | Embed financial viability and sustainability through good financial management principles and practices | Functional performance audit committee measured by means of meetings where committee dealt with performance reports  | Number of meetings   | 2        | Four (4) meetings held for the 2016-2017 financial year           | 2                     | 3      | B  | Three (3) meetings held that dealt with performance reports       | Target achieved  |
| TL8               | Embed financial viability and sustainability through good financial management principles and practices | The % of the Municipality's capital budget spent on capital projects identified in the IDP, measured as the Total actual Year to Date (YTD) Capital Expenditure/ Total Approved Capital Budget x 100 | The percentage (%) of a municipality's capital budget spent on capital projects identified in the IDP for the 2017/18 financial year | 90%      | 95% of budget spent   | 90%                   | 90%    | G2 | 90% of capital budget spent.                                      | Target achieved  |

### Municipal Manager

| Ref  | Strategic Objective   | KPI   | Unit of Measurement   | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |    |   |   |
|------|---|---|---|----------|---|-----------------------|--------|----|---|---|
|      |   |   |   |          |   | Target                | Actual | R  | SDBIP Comments  | Corrective Measures   |
| TL9  | Embed financial viability and sustainability through good financial management principles and practices | Operational conditional grant spending measured by the percentage (%) spent | Percentage (%) of the grant spent i.t.o. budget allocations                                   | 95%      | 80.4% of operational conditional grants spent to date   | 95%                   | 95.7%  | G2 | 95.7% of operational grants spent   | Target achieved   |
| TL10 | Embed financial viability and sustainability through good financial management principles and practices | Capital conditional grant spending measured by the percentage (%) spent     | Percentage (%) of the grant spent i.t.o. Budget allocations                                   | 95%      | 84.1% of capital conditional grants spent to date   | 95%                   | 74.5%  | O  | 74.5% of capital condition grants spent.  | Underspending mainly due to delays with Asazani/Izinyoka Services (Phases 4) and Establishing of Business hives in Mossel Bay Municipal area (only received in March 2018). Applications for roll-overs have been submitted. The new contractor is closely monitored to ensure that success of the project. |
| TL11 | Embed financial viability and sustainability through good financial management principles and practices | Review and prioritisation of risk register                                  | Reviewed and prioritised risk register by February  | 1        | Risk register reviewed  | 1                     | 1      | G  | Risk register reviewed  | Target achieved   |
| TL12 | Embed financial viability and sustainability through good financial management                          | Compliance with all the relevant legislation tested annually                | Zero (0) findings in the Auditor General's report on non-compliance with laws and regulations | 0        | Zero (0) findings in the 2015-2016 financial year on non-compliance with laws and regulations | 0                     | 0      | G  | Zero (0) findings in the 2016-2017 financial year on non-compliance with laws and regulations | Target achieved   |

| Municipal Manager |   |  |  |          |   |                       |        |   |   |                     |
|-------------------|---|--|--|----------|---|-----------------------|--------|---|---|---------------------|
| Ref               | Strategic Objective   | KPI  | Unit of Measurement  | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |   |   |                     |
|                   |   |  |  |          |   | Target                | Actual | R | SDBIP Comments  | Corrective Measures |
|                   | principles and practices  |  |  |          |   |                       |        |   |   |                     |
| TL13              | Embed financial viability and sustainability through good financial management principles and practices | IDP reviewed and approved by Council before the end of June  | IDP approved by the end of June annually   | 1        | IDP approved by Council   | 1                     | 1      | G | Target met, reviewed IDP approved by Council  | Target achieved     |
| TL14              | Embed financial viability and sustainability through good financial management principles and practices | Submit final Annual Report and oversight report of council before legislative deadline                                       | Final Annual Report and oversight report of council completed and submitted                  | 1        | The Final Annual Report and Oversight Report was submitted to Council on 23 January 2017, well before deadline. | 1                     | 1      | G | The Final Annual Report and Oversight Report was submitted to Council on 23 January 2018, well before deadline. | Target achieved     |
| TL15              | Embed financial viability and sustainability through good financial management principles and practices | No findings raised on audit of Predetermined Objectives  | Zero (0) material findings in the Auditor General's audit report on Predetermined Objectives | 0        | No material findings on Predetermined Objectives  | 0                     | 0      | G | No material findings on Predetermined Objectives  | Target achieved     |
| TL16              | Embed financial viability and sustainability through good financial management principles and practices | Completion of the IDP/Budget process with the development and approval of the IDP/Budget process plan by end August annually | # IDP/Budget process plan submitted  | 1        | New KPI   | 1                     | 1      | G | The IDP/Budget process plan was submitted to Council  | Target achieved     |
| TL17              | Embed good governance through sound administrative practices and improved stakeholder relations         | Revise and update the Municipal Communication Plan   | Revised plan submitted to council by Feb 2018  | 1        | New KPI   | 1                     | 1      | G | Revised Communication Plan submitted to Council   | Target achieved     |

| Municipal Manager |  |   |   |          |   |                       |        |   |  |                     |
|-------------------|--|---|---|----------|---|-----------------------|--------|---|--|---------------------|
| Ref               | Strategic Objective  | KPI   | Unit of Measurement   | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |   |  |                     |
|                   |  |   |   |          |   | Target                | Actual | R | SDBIP Comments   | Corrective Measures |
| TL18              | To maintain a skilled, capable and diverse workforce in a good working environment | The percentage (%) of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by Number of appointments in the three highest levels of management, which comply with the Employment Equity targets/ Total appointments made in three highest levels of management x 100. | The percentage (%) of appointments made in the three highest levels of management approved Employment Equity Plan | 30%      | During 2016-2017 66.7% of appointments was done in line with the Employment Equity plan | 50%                   | 50%    | G | During 2017-2018 year 50% of appointments was done in line with the Employment Equity plan | Target achieved     |

| Financial Services |   |   |  |          |   |                       |        |    |  |                     |
|--------------------|---|---|--|----------|---|-----------------------|--------|----|--|---------------------|
| Ref                | Strategic Objective   | KPI   | Unit of Measurement  | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |    |  |                     |
|                    |   |   |  |          |   | Target                | Actual | R  | SDBIP Comments   | Corrective Measures |
| TL19               | Embed financial viability and sustainability through good financial management principles and practices | Financial statements submitted by 31 August   | Financial statements submitted to Auditor General  | 1        | Annual Financial Statements submitted   | 1                     | 1      | G  | Annual Financial Statements submitted  | Target achieved     |
| TL20               | Embed financial viability and sustainability through good financial management principles and practices | The main budget is approved by Council by the legislative deadline  | Approval of Main Budget before the end of June annually  | 1        | Budget approved on 31 May 2017  | 1                     | 1      | G  | Budget approved within timeframe   | Target achieved     |
| TL21               | Embed financial viability and sustainability through good financial management principles and practices | The adjustment budget is approved by Council by the legislative deadline  | Approval of Adjustments Budget before the end of February annually   | 1        | Adjustment Budget approved  | 1                     | 1      | G  | Adjustment Budget approved within timeframe  | Target achieved     |
| TL22               | Embed financial viability and sustainability through good financial management principles and practices | Maintain a Year to Date (YTD) debtors payment percentage of 95% (excluding traffic services)  | Payment percentage (%) of debtors over 12 months rolling period  | 95%      | Maintained a Year to Date (YTD) debtor's payment percentage of 99.3% (excluding traffic services) | 95%                   | 98.4%  | G2 | Maintained a Year to Date (YTD) debtors payment percentage of 98.4% (excluding traffic services) | Target achieved     |
| TL23               | Embed financial viability and sustainability through good financial management principles and practices | Financial Viability measured in terms of Cost coverage ratio for 2016/2017 financial year<br><br>[2016-2017: Financial Viability measured in terms of Cost coverage ratio for | Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure<br><br>[2016-2017: Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ | 4.4      | Cost coverage Ratio of 6.7  | 5.8                   | 6.4    | G2 | Cost Coverage Ratio of 6.4   | Target achieved     |



| Financial Services |   |   |  |          |   |                       |        |    |   |                     |
|--------------------|---|---|--|----------|---|-----------------------|--------|----|---|---------------------|
| Ref                | Strategic Objective   | KPI   | Unit of Measurement  | Baseline | Performance 2016-2017                         | Performance 2017-2018 |        |    |   |                     |
|                    |   |   |  |          |   | Target                | Actual | R  | SDBIP Comments                                | Corrective Measures |
|                    |   | 2015/2016 financial year]   | Monthly fixed operating Expenditure]   |          |   |                       |        |    |   |                     |
| TL24               | Embed financial viability and sustainability through good financial management principles and practices | Financial Viability measured in terms of debt coverage ratio for 2016/2017 financial year<br><br>[2016-2017: Financial Viability measured in terms of debt coverage ratio for 2015/2016 financial year] | Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year<br><br>[2016-2017: Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year)] | 117.7    | Debt coverage Ratio of 171.3                  | 117.6                 | 149.28 | G2 | Debt coverage ratio 149.28                    | Target achieved     |
| TL25               | Embed financial viability and sustainability through good financial management principles and practices | Compliance with GRAP to ensure effective capital asset management (PPE; Intangible; Investment Property, Biological and Heritage Assets)  | Zero (0) findings in the external Audit report on non-compliance with GRAP   | 0        | No audit findings on non-compliance with GRAP | 0                     | 0      | G  | No audit findings on non-compliance with GRAP | Target achieved     |
| TL26               | Embed financial viability and sustainability through good financial management principles and practices | Maintaining an acceptable Long Term Debt as a percentage of revenue as set out in the Long Term Financial Plan  | Long Term Debt as percentage of revenue: Calculated as Long term Liabilities/Revenue x 100   | 20%      | Current ratio for long term debt 3.9%         | 20%                   | 4%     | B  | Debt is controlled                            | Target achieved     |
| TL27               | Embed financial viability and sustainability through good financial management principles and practices | Sound financial management by maintaining an acceptable Acid Test Ratio   | Acid Test Ratio: Calculated as Current Assets – Inventory/ Current Liabilities   | 2.5      | Acid ratio of 2.3                             | 2.5                   | 2.5    | G2 | Kept within norms                             | Target achieved     |

| Financial Services |   |  |  |          |  |                       |        |   |  |                     |
|--------------------|---|--|--|----------|--|-----------------------|--------|---|--|---------------------|
| Ref                | Strategic Objective   | KPI  | Unit of Measurement  | Baseline | Performance 2016-2017  | Performance 2017-2018 |        |   |  |                     |
|                    |   |  |  |          |  | Target                | Actual | R | SDBIP Comments   | Corrective Measures |
| TL28               | Embed financial viability and sustainability through good financial management principles and practices | Maintain a financially unqualified audit opinion | Financial statements considered free from material misstatements as per Auditor General report | 1        | Financial statements considered free from material misstatements | 1                     | 1      | G | Financial statements considered free from material misstatements | Target achieved     |

| Corporate Services |   |  |  |          |  |                       |        |    |  |                     |
|--------------------|---|--|--|----------|--|-----------------------|--------|----|--|---------------------|
| Ref                | Strategic Objective   | KPI  | Unit of Measurement  | Baseline | Performance 2016-2017  | Performance 2017-2018 |        |    |  |                     |
|                    |   |  |  |          |  | Target                | Actual | R  | SDBIP Comments                                     | Corrective Measures |
| TL29               | To facilitate economic and tourism development to the benefit of the town and all residents   | Implementation of the Local Economic Development and Tourism Strategy  | Number of LED interventions  | 16       | During 2016-2017 25 LED interventions was implemented        | 16                    | 24     | B  | 24 interventions held for 2017-2018                | Target achieved     |
| TL30               | To maintain a skilled, capable and diverse workforce in a good working environment  | The percentage (%) of the municipality's training budget spent, measured as Total Actual Training Expenditure/Approved Training Budget x 100   | Percentage (%) of budget spent on scheduled training within the financial year | 80%      | 99.8% of training budget spent                               | 80%                   | 99.6%  | G2 | 99.6% of budget spent of the training budget spent | Target achieved     |
| TL31               | To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion | Monitor the implementation of programs and awareness initiatives held for vulnerable groups in terms of social welfare & poverty alleviation, youth development, Disability and Gender, HIV/ AIDS, the Elderly and Culture | Number of programs conducted for designated vulnerable groups                  | 80       | During 2016-2017 111 programs held for vulnerable groups     | 80                    | 87     | G2 | A total of 87 programs held for vulnerable groups  | Target achieved     |
| TL32               | To facilitate economic and tourism development to the benefit of the town and all residents   | The number of temporary jobs created through the municipality's local economic development EPWP projects, measured by the number of people temporary employed in the EPWP programmes for the period.                       | Number of people temporary employed in the EPWP programs.                      | 500      | In total 794 work opportunities was created during 2016-2017 | 640                   | 803    | G2 | In total of 803 was created during 2017-2018       | Target achieved     |

### Community Services

| Ref  | Strategic Objective   | KPI  | Unit of Measurement   | Baseline | Performance 2016-2017  | Performance 2017-2018 |        |    |  |  |
|------|---|--|---|----------|--|-----------------------|--------|----|--|--|
|      |   |  |   |          |  | Target                | Actual | R  | SDBIP Comments                                 | Corrective Measures  |
| TL33 | To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion | Sports fields are maintained measured by the percentage (%) of the maintenance budget spent            | Percentage (%) of Sport maintenance budget spent                                | 90%      | 99.4% of maintenance budget spent                            | 90%                   | 96.5%  | G2 | 96.5% of Community Safety Capital budget spent | Target achieved  |
| TL34 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth  | Effective maintenance of refuse removal assets i.t.o approved budget                                   | Percentage (%) of waste management maintenance budget spent                     | 90%      | 101.1% of maintenance budget spent                           | 90%                   | 74.4%  | O  | 74.4%% of maintenance budget spent             | Operational funding. Less maintenance where required. Have to budget for possible breakages on all vehicles, but only have to do standard services and then repairs and maintenance when necessary. Maintenance budget expenditure will be closely monitored and adjusted given the trend on maintenance needed. |
| TL35 | To render efficient environmental health and disaster management services   | Annual Review of the Disaster Management Plan by end November  | Plan completed and submitted to Council   | 1        | Revised plan was submitted to Council on 24 November 2016    | 1                     | 1      | G  | Revised plan was submitted to Council          | Target achieved  |
| TL36 | To provide efficient public safety and law enforcement services   | Development of a Safety plan for Mossel Bay  | Draft Safety plan submitted to Council by June 2018                             | 1        | New KPI  | 1                     | 1      | G  | Plan was submitted to council in June 2018     | Target achieved  |
| TL37 | To provide efficient public safety and law enforcement services   | Procurement of specialised vehicles for the Directorate: Community Services                            | Number of specialised vehicles procured   | 2        | New KPI  | 2                     | 2      | G  | One in December 2017 and one in March 2018     | Target achieved  |
| TL38 | To provide efficient public safety and law enforcement services   | Effective Management of Community Safety Department measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Community Safety department | 95%      | 98,1% of Capital budget spent of Community Safety department | 95%                   | 97.4%  | G2 | 97.4% of Community Safety Capital budget spent | Target achieved  |
| TL39 | To provide recreational facilities  | Effective Management of Library department   | Percentage (%) of approved capital  | 95%      | 96,4% of Capital budget spent of                             | 95%                   | 328%   | B  | 328% of Capital budget spent of                | Donated assets (computers) of R273   |

### Community Services

| Ref  | Strategic Objective  | KPI   | Unit of Measurement  | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |    |   |  |
|------|--|---|--|----------|---|-----------------------|--------|----|---|--|
|      |  |   |  |          |   | Target                | Actual | R  | SDBIP Comments  | Corrective Measures  |
|      | and opportunities and programmes aimed to facilitate and promote community development and social cohesion | measured by percentage (%) of Capital Budget spent  | budget spent for Library department  |          | Library department  |                       |        |    | Library department. Donated assets (computers) of R273 012.32 received at Ellen van Rensburg and D'Almeida Libraries.                 | 012.32 received at Ellen van Rensburg and D'Almeida Libraries. |
| TL40 | To provide efficient public safety and law enforcement services  | Effective Management of Fire Service measured by percentage (%) of Capital Budget spent                                       | Percentage (%) of approved capital budget spent for Fire Services department             | 95%      | 98% of Capital budget spent of Fire Services department   | 95%                   | 99.7%  | G2 | 99.7% of Capital budget spent of Fire Services department   | Target achieved  |
| TL41 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth       | Provision of free basic refuse removal and solid waste disposal to registered indigent account holders in the Mossel Bay area | Number of indigent account holders receiving free basic refuse removal monthly           | 11,000   | Provision of free basic refuse removal and solid waste disposal to 11 371 registered indigent account holders in the Mossel Bay area. | 10,300                | 11,256 | G2 | Provision of free basic refuse removal and solid waste disposal to 11 256 registered indigent account holders in the Mossel Bay area. | Target achieved  |
| TL42 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth       | Provision of refuse removal and solid waste disposal to all residential account holders in the Mossel Bay area                | Number of formal residential properties for which refuse is removed at least once a week | 32,000   | Provision of refuse removal and solid waste disposal to 33 578 residential account holders in the Mossel Bay area                     | 33,000                | 34,331 | G2 | Provision of refuse removal and solid waste disposal to 34 331 residential account holders in the Mossel Bay area                     | Target achieved  |

| Planning and Integrated Services |  |   |  |          |                       |                       |        |    |   |                     |
|----------------------------------|--|---|--|----------|-----------------------|-----------------------|--------|----|---|---------------------|
| Ref                              | Strategic Objective  | KPI   | Unit of Measurement  | Baseline | Performance 2016-2017 | Performance 2017-2018 |        |    |   |                     |
|                                  |  |   |  |          |                       | Target                | Actual | R  | SDBIP Comments  | Corrective Measures |
| TL43                             | To manage land-use and development in line with the Spatial Development Framework                    | Revision of the Municipal Spatial Development Framework   | Draft reviewed SDF submitted to Council  | 1        | New KPI               | 1                     | 1      | G  | Draft Reviewed SDF submitted to Council as part of the IDP document | Target achieved     |
| TL44                             | To manage land-use and development in line with the Spatial Development Framework                    | Implementation of the Scheme Regulation By-Law  | Implementation date of the Scheme Regulation By-law published in the Provincial Gazette            | 1        | New KPI               | 1                     | 1      | G  | Published on 19 January 2018  | Target achieved     |
| TL45                             | To maintain a skilled, capable and diverse workforce in a good working environment                   | The maintenance of the Municipal Buildings measured by the percentage (%) of budget spent of the approved budget for Municipal Buildings and Land | Percentage (%) spent of maintenance budget as per approved budget for Municipal Buildings and Land | 90%      | 92.6% Above target    | 90%                   | 102.3% | G2 | Above target  | Target achieved     |
| TL46                             | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Municipal roads and stormwater capital spending measured by the percentage (%) of budget spent  | Percentage (%) spent of approved roads and stormwater capital projects as approved budget          | 90%      | 97.8% Above target    | 90%                   | 101.6% | G2 | Above target  | Target achieved     |
| TL47                             | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Informing community of Councils updated human settlement plan   | Housing Imbizo's held in areas in most need of government subsidy housing                          | 3        | New KPI               | 3                     | 6      | B  | Above target  | Target achieved     |

### Technical Services

| Ref  | Strategic Objective  | KPI   | Unit of Measurement  | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |    |   |                     |
|------|--|---|--|----------|---|-----------------------|--------|----|---|---------------------|
|      |  |   |  |          |   | Target                | Actual | R  | SDBIP Comments  | Corrective Measures |
| TL48 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Electricity capital spending measured by the percentage (%) of budget spent   | Percentage (%) spent of approved electricity capital projects  | 90%      | 100.9% of capital budget spent                                    | 90%                   | 97.9%  | G2 | 97.9% of Capital Budget Spent   | Target achieved     |
| TL49 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Effective management of electricity provisioning systems evaluated i.t.o. electricity losses                                | Percentage (%) of electricity losses calculated on a twelve month rolling period as kWh sold/kWh purchased | 10%      | 9% of electricity losses calculated over a twelve-month period    | 10%                   | 7.1%   | B  | 7.1% of electricity losses calculated over a twelve-month period  | Target achieved     |
| TL50 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Effective management of water provisioning systems to minimise water losses by implementing measures to reduce water losses | Percentage (%) water losses calculated on a twelve month rolling period as KL billed/KL used               | 16%      | 18,4% of water losses calculated on a twelve-month rolling period | 16%                   | 10.2%  | B  | 10.2% Water losses calculated on a twelve month rolling period as KL billed/KL used. This represents a 5.44% difference between the unavoidable real losses as reported in the Annual Financial Statements calculated i.t.o the Water Inventory Balancing Sheet as per mSCOA requirements | Target achieved     |
| TL51 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Excellent water quality measured by the quality of water as per SANS 241 criteria   | Percentage (%) water quality level as per blue drop project as measured annually                           | 95%      | 98% Water quality as per SANS 241                                 | 95%                   | 98.3%  | G2 | 98.3% as per SANS 241   | Target achieved     |
| TL52 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Waste water capital spending measured by the percentage (%) of budget spent   | Percentage (%) spent of approved budget of sanitation capital projects as per approved budget              | 90%      | 90.1% of capital budget spent                                     | 90%                   | 95%    | G2 | 95% of sanitation capital budget spent  | Target Achieved     |

### Technical Services

| Ref  | Strategic Objective  | KPI   | Unit of Measurement   | Baseline | Performance 2016-2017   | Performance 2017-2018 |        |    |   |                     |
|------|--|---|---|----------|---|-----------------------|--------|----|---|---------------------|
|      |  |   |   |          |   | Target                | Actual | R  | SDBIP Comments  | Corrective Measures |
| TL53 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Water capital spending measured by the percentage (%) of budget spent   | Percentage (%) spent of approved water capital projects as per approved budget  | 90%      | 94% of capital budget spent   | 90%                   | 97.2%  | G2 | 97.2% of Water Capital budget spent   | Target achieved     |
| TL54 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of free basic electricity to indigent account holders connected to the municipal electrical infrastructure network  | Number of indigent account holders receiving free basic electricity which are connected to the municipal electrical infrastructure network          | 10,000   | Provision of free basic electricity to 12 337 indigent account holders connected to the municipal electrical infrastructure network   | 10,300                | 12,212 | G2 | Provision of free basic electricity to 12 212 indigent account holders connected to the municipal electrical infrastructure network   | Target achieved     |
| TL55 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of electricity to formal residential properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering                              | Number of formal residential properties connected to the municipal electrical infrastructure network  | 31,000   | Provision of electricity to 31 411 formal residential properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering                             | 31,000                | 32,027 | G2 | Provision of electricity to 32 027 formal residential properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering                             | Target achieved     |
| TL56 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of electricity to informal residential properties in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering | Number of residential pre-paid meters registered on the Promun Financial system in the designated informal areas that meet agreed service standards | 550      | Provision of electricity to 1 842 informal residential properties in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering | 1,500                 | 1,920  | G2 | Provision of electricity to 1 920 informal residential properties in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering | Target achieved     |



### Technical Services

| Ref  | Strategic Objective  | KPI   | Unit of Measurement  | Baseline | Performance 2016-2017  | Performance 2017-2018 |        |    |  |                     |
|------|--|---|--|----------|--|-----------------------|--------|----|--|---------------------|
|      |  |   |  |          |  | Target                | Actual | R  | SDBIP Comments   | Corrective Measures |
| TL57 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of free basic sanitation services to indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) | Number of indigent account holders receiving free basic sanitation in terms of Equitable share requirements.   | 10,000   | Free basic sanitation services to 10 975 indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)  | 10,000                | 10,600 | G2 | Free basic sanitation services to 10 600 indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)  | Target achieved     |
| TL58 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of sanitation services to residential properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).             | Number of residential properties which are billed for sewerage in accordance with the Promun financial system. | 27,000   | Provision of sanitation services to 28 189 residential properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets). | 27,000                | 28,317 | G2 | Provision of sanitation services to 28 317 residential properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets). | Target achieved     |
| TL59 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of clean piped water to indigent account holders which are connected to the municipal water infrastructure network  | Number of indigent account holders receiving free basic water.   | 11,000   | Provision of clean piped water to 11 450 indigent account holders which are connected to the municipal water infrastructure network  | 10,300                | 11,242 | G2 | Provision of clean piped water to 11 242 indigent account holders which are connected to the municipal water infrastructure network  | Target achieved     |
| TL60 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of clean piped water to formal residential properties which are connected to the municipal water infrastructure network.  | Number of formal residential properties that meet agreed service standards for piped water                     | 33,000   | Provision of clean piped water to 33 802 formal residential properties which are connected to the municipal water infrastructure network.  | 33,000                | 34,500 | G2 | Provision of clean piped water to 34 500 formal residential properties which are connected to the municipal water infrastructure network.  | Target achieved     |

| Technical Services |  |  |   |          |  |                       |        |    |  |                     |
|--------------------|--|--|---|----------|--|-----------------------|--------|----|--|---------------------|
| Ref                | Strategic Objective  | KPI  | Unit of Measurement   | Baseline | Performance 2016-2017  | Performance 2017-2018 |        |    |  |                     |
|                    |  |  |   |          |  | Target                | Actual | R  | SDBIP Comments   | Corrective Measures |
| TL61               | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of clean piped water to informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system. | Number of water meters, measuring water to informal areas through communal taps | 74       | Provision of clean piped water to 74 informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system | 70                    | 79     | G2 | Provision of clean piped water to 79 informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system | Target achieved     |

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

An effective and efficient workforce is the key to excellent service delivery and the most important part of the Municipality's ability to reach its targets and fulfil its mandate. The core of employing competent and knowledgeable employees is the principles of recruitment and selection. Mossel Bay Municipality is there for proud to be in a possession where sound and transparent Recruitment Policy forms the pillar of the recruitment and selection process and procedure. This policy is reviewed regularly to ensure compliance with relevant legislative requirements.

The principle of sound labour relations and employment equity forms an indispensable part of the process.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The workforce profile as reported for employment equity purposes is detailed below. This excludes employees appointed on contractual basis.

##### EMPLOYEE TOTALS, TURNOVER AND VACANCIES

|           | African Male | Coloured Male | Indian Male | White Male | African Female | Coloured Female | Indian Female | White Female | Total | People with Disabilities |
|-----------|--------------|---------------|-------------|------------|----------------|-----------------|---------------|--------------|-------|--------------------------|
| 2016/2017 | 183          | 346           | 4           | 122        | 54             | 114             | 1             | 60           | 884   | 9                        |
| 2017/2018 | 186          | 345           | 4           | 122        | 66             | 115             | 1             | 54           | 893   | 9                        |

Below is a comparison that clearly indicates that not only posts which becomes vacant are filled, but that new budgeted posts are also filled. Development of staff place the municipality in an excellent position to promote internal staff.

|                     | African Male | Coloured Male | Indian Male | White Male | African Female | Coloured Female | Indian Female | White Female | Total |
|---------------------|--------------|---------------|-------------|------------|----------------|-----------------|---------------|--------------|-------|
| <b>RECRUITMENT</b>  |              |               |             |            |                |                 |               |              |       |
| 2016/2017           | 11           | 28            | 1           | 6          | 8              | 12              | 0             | 3            | 69    |
| 2017/2018           | 17           | 21            | 1           | 4          | 8              | 9               | 0             | 1            | 61    |
| <b>PROMOTIONS</b>   |              |               |             |            |                |                 |               |              |       |
| 2016/2017           | 7            | 21            | 0           | 6          | 1              | 1               | 0             | 2            | 38    |
| 2017/2018           | 2            | 9             | 0           | 0          | 1              | 3               | 0             | 0            | 15    |
| <b>TERMINATIONS</b> |              |               |             |            |                |                 |               |              |       |
| 2016/2017           | 17           | 17            | 0           | 6          | 2              | 10              | 0             | 5            | 57    |
| 2017/2018           | 3            | 8             | 0           | 1          | 4              | 24              | 0             | 3            | 43    |

| TURN-OVER RATE |  |  |                |
|----------------|--|--|----------------|
| Details        | Total Appointments as of beginning of Financial Year | Terminations during the Financial Year | Turn-over Rate |
| <b>2016</b>    | 69   | 60                                     | 87%            |
| <b>2017</b>    | 69   | 57                                     | 83%            |
| <b>2018</b>    | 61   | 43                                     | 70%            |

#### COMMENT ON VACANCIES AND TURNOVER

Due to the TASK salary scales it remains a challenge to attract and fill positions classified as professional and skilled technical. Payment of scarcity allowance in terms of the Scarce Skills Policy are used as a tool to attract and/or retain employees with such skills or competencies.

Development of internal staff also plays a vital role in maintaining the high standard of capacitated staff.

Except for the post of Chief Financial Official which was vacant for eight months, and filled with effect from 1 May 2018, no other Senior Management positions was vacant during the reporting period.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

It is hardly possible to maintain the high level of service delivery and standards and adhere to the duties imposed by the Constitution and the Batho Pele Principles if sound discipline in the workplace is not maintained. Mossel Bay Municipality thus takes pride in its commitment towards service delivery to the community of the greater Mossel Bay area.

Policy development and maintenance forms an integral part of discipline in the workplace. Regular workshops and information sessions with employees as well as Trade Unions are conducted to ensure that employees are informed of stipulations and requirements of relevant policies.

### 4.2 POLICIES

|    | NAME OF POLICY  | DATE ADOPTED BY COUNCIL OR<br>COMMENT ON FAILURE TO ADOPT |
|----|---|---|
| 1  | Acting Allowances Policy  | Approved by Council                                       |
| 2  | Catering Policy   | Approved by Council                                       |
| 3  | Code of Conduct with regards to Political Activities by Municipal Employees | Approved by Council                                       |
| 4  | Disciplinary Code and Procedures  | Approved by Council                                       |
| 5  | Dress Code  | Approved by Council                                       |
| 6  | Employee Assistance Policy  | Approved by Council                                       |
| 7  | Employee Study Aid Policy   | Approved by Council                                       |
| 8  | External Study Bursary Policy   | Approved by Council                                       |
| 9  | Farewell Policy   | Approved by Council                                       |
| 10 | Gift Policy   | Approved by Council                                       |
| 11 | Grievance Procedures  | Approved by Council                                       |
| 12 | Induction Programme   | Approved by Council                                       |
| 13 | Leave Policy  | Approved by Council                                       |
| 14 | Occupational Health and Safety Policy                                       | Approved by Council                                       |
| 15 | Organisational Rights Agreement   | Approved by Council                                       |
| 16 | Overtime Policy   | Approved by Council                                       |
| 17 | Owned Vehicles by Councillors   | Approved by Council                                       |
| 18 | Payment of Professional Registration Fees                                   | Approved by Council                                       |
| 19 | Placement Policy  | Approved by Council                                       |
| 20 | Private Work  | Approved by Council                                       |
| 21 | Protected Disclosures Policy  | Approved by Council                                       |
| 22 | Rapid Promotion Scheme for Process Controllers                              | Approved by Council                                       |
| 23 | Recognition of Long Service   | Approved by Council                                       |
| 24 | Recruitment Policy  | Approved by Council                                       |
| 25 | Registration of Dependents on Medical Aid                                   | Approved by Council                                       |
| 26 | Relocation Costs  | Approved by Council                                       |
| 27 | Rental Policy   | Approved by Council                                       |
| 28 | Retirement Policy   | Approved by Council                                       |
| 29 | Scarce Skills Policy  | Approved by Council                                       |
| 30 | Sexual Harassment Policy  | Approved by Council                                       |

| NAME OF POLICY |  | DATE ADOPTED BY COUNCIL OR<br>COMMENT ON FAILURE TO ADOPT |
|----------------|--|---|
| <b>31</b>      | Skills Development                             | Approved by Council                                       |
| <b>32</b>      | Smoking Policy                                 | Approved by Council                                       |
| <b>33</b>      | Strike Contingency Plan and Picketing Rules    | Approved by Council                                       |
| <b>34</b>      | Succession Planning Policy                     | Approved by Council                                       |
| <b>35</b>      | Task Job task Evaluation Policy                | Approved by Council                                       |
| <b>36</b>      | Telephone Policy                               | Approved by Council                                       |
| <b>37</b>      | Travel and Subsistence Policy                  | Approved by Council                                       |
| <b>38</b>      | Unauthorised Absence and Abscondment policy    | Approved by Council                                       |
| <b>39</b>      | Vehicle Transport Allowance Perk Scheme Policy | Approved by Council                                       |
| <b>40</b>      | Ward Committee Policy                          | Approved by Council                                       |
| <b>41</b>      | Youth Development Policy                       | Approved by Council                                       |

**COMMENT ON WORKFORCE POLICY DEVELOPMENT:**

Policies, procedures and guidelines provides guidance for fair and consistent staff treatment and a consistent approach towards the management of staff. Policies are not cast in concrete and are therefore revised regularly. During the revision of policies Trade Unions are invited to participate in the revision process.

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Health and Safety committee meetings held on a monthly basis remains a standing item to establish a good standard of eliminating unsafe acts and conditions and maintain the injury rate as low as reasonably practicable and to monitor the rectification of outstanding Occupational Health and Safety matters. Toolbox talks are conducted on a monthly basis to ensure that workers stay focused on a healthy and safe workplace and to improve the culture in terms of everyone's responsibility towards health and safety in the workplace.

OHS Inspector was appointed to assist the OHS Officer with contractor management who performs construction work on behalf of Mossel Bay Municipality and therefore must be monitored and controlled in terms of mandatory agreements as promulgated by Section 37 of the Occupational Health and Safety Act.

Induction training on the Occupational Health Safety Policy is conducted monthly for all new employees appointed to ensure everyone has a broad understanding of health and safety in the workplace and to make them aware of the dangers associated with the various occupations within the organisation as well as to clarify the responsibility towards safety in the workplace by both employer and employee.

OHS Inspector also assists in maintaining the health and safety system in striving to eradicate injuries on duty. All incidents where employees sustained injuries on duty has decreased by 10% since 2016/17 financial year due to the assistance provided by the OHS Inspector to ensure all incidents are investigated properly and true root causes determined to prevent reoccurrences. Injuries on duty reported to the Compensation Commissioner comparative year-on-year statistics can be viewed below:

| MONTH     | INJURIES REPORTED TO THE COMPENSATION COMMISSIONER |             |             |
|-----------|--|-------------|-------------|
|           | 2015 – 2016  | 2016 – 2017 | 2017 – 2018 |
| July      | 3  | 6           | 4           |
| August    | 7  | 11          | 11          |
| September | 6  | 11          | 10          |
| October   | 14   | 11          | 8           |
| November  | 6  | 5           | 14          |

| INJURIES REPORTED TO THE COMPENSATION COMMISSIONER |             |             |             |
|--|-------------|-------------|-------------|
| MONTH  | 2015 – 2016 | 2016 – 2017 | 2017 – 2018 |
| December   | 8           | 7           | 5           |
| January  | 3           | 7           | 7           |
| February   | 7           | 4           | 9           |
| March  | 8           | 10          | 13          |
| April  | 11          | 10          | 9           |
| May  | 2           | 12          | 5           |
| June   | 6           | 17          | 5           |
| <b>Total Injuries</b>                              | <b>81</b>   | <b>110</b>  | <b>100</b>  |

| Type of injury                               | Injury leave taken | Employees using injury leave | Proportion employees using sick leave | Average injury leave per employee |
|--|--------------------|------------------------------|---------------------------------------|-----------------------------------|
|  | Days               | No.                          | %                                     | Days                              |
| <b>Required basic medical attention only</b> | 664                | 62                           | 9,3%                                  | 11                                |
| <b>Temporary total disablement</b>           | 89                 | 6                            | 6,7%                                  | 2                                 |
| <b>Permanent disablement</b>                 | 165                | 1                            | 0%                                    | 0                                 |
| <b>Fatal</b>                                 | 0                  | 0                            | 0%                                    | 0                                 |
| <b>Total</b>                                 | <b>918</b>         | <b>69</b>                    | <b>8%</b>                             | <b>184</b>                        |

| NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY) |                  |  |                            |                          |                                   |                |
|--|------------------|--|----------------------------|--------------------------|-----------------------------------|----------------|
| Salary band  | Total sick leave | Proportion of sick leave without medical certification | Employees using sick leave | Total employees in post* | *Average sick leave per Employees | Estimated cost |
| <b>Lower skilled (Levels 1-2)</b>                                  | 498              | 11%  | 81                         | 113                      | 4.40                              |                |
| <b>Skilled (Levels 3-5)</b>  | 2785             | 2%   | 301                        | 397                      | 7.01                              |                |
| <b>Highly skilled production (levels 6-8)</b>                      | 1743             | 6%   | 177                        | 230                      | 7.57                              |                |
| <b>Highly skilled supervision (levels 9-12)</b>                    | 1344             | 3%   | 144                        | 172                      | 7.81                              | 31             |
| <b>Senior management (Levels 13-15)</b>                            | 207              | 8%   | 40                         | 54                       | 3.83                              |                |
| <b>MM and S57</b>  | 13               | 55%  | 3                          | 6                        | 2.16                              |                |
| <b>Total</b>   | <b>6590</b>      | <b>14%</b>   | <b>746</b>                 | <b>972</b>               | <b>32.78</b>                      | <b>31</b>      |

**COMMENT SICK LEAVE:**

Sick leave is monitored on a six-monthly basis by monitoring employees who take more than 12 days during a 12 month or shorter period. Consultation sessions with these employees are conducted to determine the cause of the high sick leave usage. These sessions may result in the identification of permanent disabilities, temporary disabilities, misuse of sick leave, adjustment of duties if possible or alternative placement if needed and possible.

Even though the sick leave is monitored constantly, the use of sick leave is still very high. A total of 6 590 days sick leave was taken by 746 employees during the reporting period.

| NUMBER AND PERIOD OF SUSPENSIONS                |                                  |                    |  |  |
|---|----------------------------------|--------------------|--|--|
| Position  | Nature of Alleged Misconduct     | Date of Suspension | Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised | Date Finalised                                   |
| <b>Clerk (Horticulture, Sport 7 Recreation)</b> | Theft & Fraud                    | 18-Apr-18          | Investigation - Employee Resigned  | 20-04-2018<br>(Resignation accepted by Director) |
| <b>Library Assistant</b>                        | Bring employer name in disrepute | 14-Jun-18          | Investigation - No Prima Facie Case  | 21-Jun-18  |

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

During the reporting period there were no suspensions of more than 4 months.



## **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

Section 68 (1) of the Municipal Systems Act states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act.

Capacity development and human capital retention are some of the areas where this Municipality is focussed to align itself with the national key performance area “Municipal Transformation and Institutional Development by building positive human resource relationships”.

The Acts that regulates skills development and training that includes the Skills Development Act, No 97 of 1998, the Skills Development Levies Act, No 9 of 1999, the Employment Equity Act, the NQF Act in conjunction with the National Skills Development Strategy seeks to attain a skilled and capable workforce that shares in and contributes to the benefits and opportunities of economic expansion and an inclusive growth path.

Challenges: Balancing the service delivery key performance of the organisation with personnel development poses a challenge to the operations of the Municipality as both are important, but Service Delivery takes precedence as it is the mandate of the organisation.

On the other hand, our organisational policies do not clearly establish roles and responsibilities of all stakeholders, that is, employees, managers as well as Human Resource and the Skills Development Facilitator (SDF).

Performance Management is a key component of development. If performance management is done well, it makes employees more competitive and contribute to higher levels of organisational performance.

Mossel Bay Municipality considers and implements formal and informal development processes in order to enable employees to gain competencies that the organisation has identified as being important to its success and objectives.

Another challenge facing the capacity development within the organisation is the issue pertaining to skills transfer, which requires the need for mentoring and coaching to address the organisational as well as national skills shortages by managing the quality of occupation-specific skills-based training, learning, development and assessment in accordance with the national skills development legislation.

It is of vital importance to also address the challenge of scarcity mentality employees within the organisation.

Mossel Bay Municipality aims to build and secure commitment of senior managers as well as employees in order to have a clear understanding of skills need to be delivered on their objectives.

### **4.4 SKILLS DEVELOPMENT AND TRAINING**

A talented and diverse workforce is key to delivering our long-term sustainability and the success of our operations is dependent on attracting, developing and retaining a capable and motivated workforce.

Mossel Bay Municipality employees are capacitated with the required competencies to meet the increasing demands of the citizens by focusing on development interventions considering the competence requirements, strategic needs of the organisation and future deployment capabilities.

The municipality creates conditions for all employees to be developed by granting them an opportunity to discuss their training needs with their Managers/Supervisors and must prioritise according to the level of importance for each training need identified with focus on 80% service delivery (meeting IDP objectives) as well as 20% personnel development.

In the 2017/2018 financial year, Mossel Bay Municipality invested R1 044 520, 00 into our employee development in order to improve the knowledge, skills and experience of our employees to achieve the municipality's strategic objectives.

Mossel Bay Municipality is dedicated to empowering its employees and encouraging their advancement by providing a system of training and development that is ongoing and structured to purpose.

In terms of the Skills Development Act, 97 of 1998, Mossel Bay Municipality strives to encourage employers to use the workplace as an active learning environment and empower lower level workers to participate in learnerships, AET and other accredited training programmes.

The implementation phase which encompasses training priority needs identified per directorate as depicted on the Workplace Skills Plan for the 2017/18 financial year has commenced on 01 July 2017 and was finalised on 30 June 2018.

Prioritisation of skills development on the Municipality's operational budget as well as developing human capital in the organisation is regarded as a priority.

Therefore, all training programmes identified as a priority have been scheduled in the order of importance, to ensure the critical and extremely important needs are implemented during the first (July - September 2017) and second quarter (October – December 2017). The important and less important training needs were implemented during the third quarter (January – March 2018) and fourth quarter (April – June 2018) taking into consideration the statutory compliance as well as regulatory training programmes.

The Local Government SETA (LGSETA) awarded Mossel Bay Municipality discretionary grant funding towards a total of 15 projects or learning programmes to be implemented during the 2017/2018 financial year.

Another source of funding was obtained from the Construction Education & Training Authority (CETA) discretionary grant in which Belcomec Training (Pty) Ltd expressed interest in obtaining assistance on behalf of the municipality with the intention to pursue relevant skills development projects. Therefore, the CETA contracted Belcomec Training to implement various apprenticeship programmes, such as Bricklayer, Electrical and Plumbing training.

Mossel Bay Municipality entered into an agreement with Belcomec Training as a host municipality to train a total of 27 apprentices in 2014 that have completed the apprenticeship programme and are in the process of undertaking a trade test to become qualified artisans. A total of 15 new apprentices have been enrolled on the various apprenticeship programmes that commenced in September 2017.

The Municipality also started a Middle Management Development Programme (MMDP), which gives effect to the Succession Planning and Career Pathing Policy. The MMD is initiated and driven by the Municipal Manager, Adv. T Giliomee.

The MMDP aims to strengthen and develop the leadership capacity of employees in middle management positions as well as providing employees with opportunities to acquire new skills.

Learning interventions to enhance the skills, knowledge and attitude of employees were implemented during the 2017/2018 financial year, which comprises of Short Courses, Skills Programme that are unit standard linked, the training programmes are competency based as well as AET, learnership and apprenticeship programmes that leads to an NQF registered qualification.

Below is the demographic information in terms of race, gender and number of training interventions and beneficiaries.

| TYPE OF LEARNING PROGRAMME                  | NUMBER OF INTERVENTIONS | BENEFICIARIES OF TRAINING | RACE |     |     |   | GENDER |     |
|---|-------------------------|---------------------------|------|-----|-----|---|--------|-----|
|   |                         |                           | A    | C   | W   | I | M      | F   |
| <b>Skills Programme</b>                     | 52                      | 823                       | 191  | 407 | 217 | 8 | 446    | 377 |
| <b>Learnership</b>                          | 9                       | 58                        | 13   | 36  | 8   | 1 | 35     | 23  |
| <b>Apprenticeship (Artisan Development)</b> | 3                       | 41                        | 13   | 25  | 3   | 0 | 41     | 0   |
| <b>AET</b>                                  | 1                       | 12                        | 2    | 9   | 1   | 0 | 11     | 1   |

Officials were trained in an accredited structured learning intervention below:

| TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP) | NAME OF LEARNING PROGRAMME  | NO. OF LEARNERS | STATUS   | SOURCE OF FUNDING                       |
|--|---|-----------------|----------|---|
| <b>Skills Programme</b>                                  | Phase 2 Councillor Training: Delegation of powers for Councillors | 16              | Complete | DLG                                     |
| <b>Skills Programme</b>                                  | Phase 2 Councillor Training: Code of Conduct                      | 17              | Complete | DLG                                     |
| <b>Skills Programme</b>                                  | Phase 2 Councillor Training: Role of Councillors                  | 10              | Complete | DLG                                     |
| <b>Skills Programme</b>                                  | Spluma -Lupa Training for Councillors                             | 4               | Complete | SALGA                                   |
| <b>Skills Programme</b>                                  | Fire fighter Level 1  | 3               | Complete | DLG                                     |
| <b>Skills Programme</b>                                  | Transportation of Dangerous Goods – New Operators                 | 3               | Complete | Mossel Bay Municipality Training Budget |
| <b>Skills Programme</b>                                  | Transportation of Dangerous Goods – Refresher                     | 5               | Complete | Mossel Bay Municipality Training Budget |
| <b>Skills Programme</b>                                  | Conflict Management, NQF Level 4                                  | 9               | Complete | Mossel Bay Municipality Training Budget |
| <b>Skills Programme</b>                                  | Fire Marshal Training   | 8               | Complete | Mossel Bay Fire & Rescue                |

| TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP) | NAME OF LEARNING PROGRAMME                                    | NO. OF LEARNERS | STATUS   | SOURCE OF FUNDING                       |
|--|---|-----------------|----------|---|
| Skills Programme   | National Treasury standard for Infrastructure                 | 14              | Complete | Departmental Funding                    |
| Skills Programme   | Brush cutter Training, NQF Level 2                            | 12              | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | Safe application of herbicides, NQF Level 1                   | 10              | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | Customer Care, NQF Level 4                                    | 10              | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | First Aid Level 1 & 2   | 28              | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | MFMA Induction Training                                       | 8               | Complete | National Treasury                       |
| Skills Programme   | Supervisory Skills Training, NQF Level 4                      | 15              | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | Basic & Intermediate MS Excel                                 | 20              | Complete | Mossel Bay Municipality Training Budget |
| Skills Programme   | Basic Computer & Intro to MS Word                             | 44              | Complete | Mossel Bay Municipality Training Budget |
| Skills Programme   | Advanced MS Excel   | 14              | Complete | Free training from service provider     |
| Skills Programme   | Introduction to SAMTRAC                                       | 1               | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | Apply & Maintain safety in a working environment, NQF Level 2 | 14              | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | CCTV Operator Body Language & Observation Skills Training     | 3               | Complete | LGSETA Mandatory Grant                  |
| Skills Programme   | Municipal Leaders media & stakeholder programme               | 2               | Complete | SALGA                                   |
| Skills Programme   | Caseware  | 4               | Complete | Caseware                                |
| Skills Programme   | Environmental Management Inspectorate                         | 3               | Complete | DEA                                     |

| TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP) | NAME OF LEARNING PROGRAMME                            | NO. OF LEARNERS | STATUS                         | SOURCE OF FUNDING                       |
|--|---|-----------------|--------------------------------|---|
| Skills Programme   | MS PowerPoint   | 10              | Complete                       | Mossel Bay Municipality Training Budget |
| Skills Programme   | Chlorine Handling                                     | 30              | Complete                       | LGSETA Mandatory Grant                  |
| Skills Programme   | SALGA LED Portfolio Committee training                | 3               | Complete                       | SALGA                                   |
| Skills Programme   | Diversity Management, NQF Level 4                     | 10              | Complete                       | Mossel Bay Municipality Training Budget |
| Skills Programme   | Emotional Intelligence, NQF Level 4                   | 10              | Complete                       | LGSETA Mandatory Grant                  |
| Skills Programme   | Tree Trimming & Pruning                               | 16              | Complete                       | LGSETA Mandatory Grant                  |
| Skills Programme   | Aerial Platform - Novice                              | 6               | Complete                       | Mossel Bay Municipality Training Budget |
| Skills Programme   | Operating regulation for High Voltage Systems         | 11              | Complete                       | Mossel Bay Municipality Training Budget |
| Skills Programme   | Learners License & Driving Lessons, Code 10 & 14      | 20              | Complete                       | Mossel Bay Municipality Training Budget |
| Skills Programme   | Short course in road pavement rehabilitation          | 1               | Complete                       | LGSETA Mandatory Grant                  |
| Skills Programme   | GRAP Training   | 8               | Complete                       | Provincial Treasury                     |
| Skills Programme   | General Conditions of Contract for Construction works | 1               | Complete                       | Mossel Bay Municipality Training Budget |
| Skills Programme   | Macafferri Geotechnical Training Module 3 & 4         | 1               | Complete                       | Mossel Bay Municipality Training Budget |
| AET  | AET level 1-4   | 12              | Complete, awaiting IBC results | LGSETA Discretionary Grant              |
| Apprenticeship (Artisan Development)                     | Plumbing  | 11              | New Intake                     | CETA Funded                             |
| Apprenticeship (Artisan Development)                     | Electrical  | 2               | New Intake                     | CETA Funded                             |

| TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP) | NAME OF LEARNING PROGRAMME                              | NO. OF LEARNERS | STATUS   | SOURCE OF FUNDING          |
|--|---|-----------------|--|----------------------------|
| <b>Apprenticeship (Artisan Development)</b>              | Bricklayer  | 2               | New Intake   | CETA Funded                |
| <b>Apprenticeship (Artisan Development)</b>              | Plumbing  | 9               | The apprenticeship is completed, apprentices will undergo final trade test | CETA Funded                |
| <b>Apprenticeship (Artisan Development)</b>              | Electrical  | 11              | The apprenticeship is completed, apprentices will undergo final trade test | CETA Funded                |
| <b>Apprenticeship (Artisan Development)</b>              | Bricklayer  | 7               | The apprenticeship is completed, apprentices will undergo final trade test | CETA Funded                |
| <b>Learnership</b>                                       | Diploma in Public Accountability                        | 13              | Complete, 6 are competent.   | LGSETA Mandatory Grant     |
| <b>Learnership</b>                                       | NC: Horticulture, NQF 2                                 | 5               | Complete, all 5 are competent  | LGSETA Discretionary Grant |
| <b>Learnership</b>                                       | Local Government Accounting Certificate, NQF 3          | 3               | Complete, all 3 are competent  | LGSETA Discretionary Grant |
| <b>Learnership</b>                                       | FET Certificate: OD ETD                                 | 3               | Complete, all 3 are competent  | LGSETA Discretionary Grant |
| <b>Learnership</b>                                       | NC: Water & Wastewater Treatment Process Control, NQF 2 | 4               | Complete, all 4 are competent  | LGSETA Discretionary Grant |
| <b>Learnership</b>                                       | NC: Water & Wastewater Treatment Process Control, NQF 3 | 5               | Complete, all 5 are competent  | LGSETA Discretionary Grant |
| <b>Learnership</b>                                       | NC: Gardening & Horticulture, NQF Level 4               | 5               | Complete, awaiting SOR   | LGSETA Discretionary Grant |
| <b>Learnership</b>                                       | NC: Construction Roadworks, NQF level 2                 | 14              | In progress  | LGSETA Discretionary Grant |

| TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP) | NAME OF LEARNING PROGRAMME              | NO. OF LEARNERS | STATUS      | SOURCE OF FUNDING |
|--|---|-----------------|-------------|-------------------|
| Learnership  | NC: Professional Driving, NQF level 3   | 7               | In progress | TETA              |
| Skills Programme   | Finance for non-financial managers      | 51              | In progress | MMDP              |
| Skills Programme   | Middle Management Development Programme | 23              | In progress | MMDP              |
| Skills Programme   | Local Government Legal framework        | 48              | Complete    | SALGA             |
| Skills Programme   | Chairperson & Initiator Training        | 28              | Complete    | SALGA             |
| Skills Programme   | LLF                                     | 31              | Complete    | SALGA             |
| Skills Programme   | Essential Service                       | 31              | Complete    | SALGA             |
| Skills Programme   | Performance Management                  | 45              | Complete    | MMDP              |
| Skills Programme   | Project Management, NQF Level 5         | 45              | Complete    | MMDP              |
| Skills programme   | Report Writing, NQF Level 4             | 40              | Complete    | MMDP              |
| Skills programme   | POPI                                    | 39              | Complete    | SALGA             |

| FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT* |   |   |                                |   |   |   |
|--|---|---|--------------------------------|---|---|---|
| Description  | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)) | Consolidated: Total of A and B | Consolidated : Competency assessments completed for A and B (Regulation 14(4)(b) and (d)) | Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Consolidated : Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
| Financial Officials                                |   |   |                                |   |   |   |
| <i>Accounting Officer</i>                          | 1   | 0   | 1                              | 0   | 1   | 1   |
| <i>Chief Financial Officer</i>                     | 1   | 0   | 1                              | 0   | 1   | 0   |
| <i>Senior managers</i>                             | 5   | 0   | 5                              | 0   | 5   | 5   |

| FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT* |           |          |           |          |          |           |
|--|-----------|----------|-----------|----------|----------|-----------|
| <b><i>Any other financial officials</i></b>        | 73        | 0        | 73        | 0        | 0        | 18        |
| Supply Chain Management Officials                  |           |          |           |          |          |           |
| <b><i>Heads of SCM units</i></b>                   | 1         | 0        | 1         | 0        | 0        | 1         |
| <b><i>SCM senior managers</i></b>                  | 4         | 0        | 4         | 1        | 1        | 3         |
| <b>TOTAL</b>                                       | <b>85</b> | <b>0</b> | <b>85</b> | <b>1</b> | <b>8</b> | <b>28</b> |



| SKILLS MATRIX                              |        |                                      |  |                     |             |   |                     |             |                         |                     |             |                     |                     |             |
|--|--------|--------------------------------------|--|---------------------|-------------|---|---------------------|-------------|-------------------------|---------------------|-------------|---------------------|---------------------|-------------|
| Management level                           | Gender | Employees in post as at 30 June 2018 | Number of skilled employees required and actual as at 30 June 2018 |                     |             |   |                     |             |                         |                     |             |                     |                     |             |
|  |        |                                      | Learnerships   |                     |             | Skills programmes & other short courses |                     |             | Other forms of training |                     |             | Total               |                     |             |
|  |        | No.                                  | Actual: End of 2017  | Actual: End of 2018 | 2018 Target | Actual: End of 2017                     | Actual: End of 2018 | 2018 Target | Actual: End of 2017     | Actual: End of 2018 | 2018 Target | Actual: End of 2017 | Actual: End of 2018 | 2018 Target |
| MM and s57                                 | Female | 1                                    | 0  | 0                   |             | 0                                       | 1                   |             | 0                       | 0                   |             |                     | 1                   |             |
|  | Male   | 5                                    | 0  | 0                   |             | 0                                       | 1                   |             | 0                       | 1                   |             |                     | 2                   |             |
| Councillors, senior officials and managers | Female | 20                                   | 1  | 0                   |             | 10                                      | 3                   |             | 9                       | 2                   |             |                     | 5                   |             |
|  | Male   | 54                                   | 0  | 0                   |             | 8                                       | 10                  |             | 16                      | 7                   |             |                     | 17                  |             |
| Technicians and associate professionals*   | Female | 29                                   | 1  | 1                   |             | 2                                       | 8                   |             | 0                       | 2                   |             |                     | 11                  |             |
|  | Male   | 58                                   | 1  | 1                   |             | 12                                      | 7                   |             | 0                       | 1                   |             |                     | 9                   |             |
| Professionals                              | Female | 31                                   | 6  | 2                   |             | 10                                      | 11                  |             | 0                       | 3                   |             |                     | 16                  |             |
|  | Male   | 10                                   | 0  | 0                   |             | 0                                       | 3                   |             | 0                       | 1                   |             |                     | 2                   | 2           |
| Sub total                                  | Female | 81                                   | 8  | 3                   |             | 18                                      |                     |             |                         |                     |             |                     | 33                  |             |
|  | Male   | 127                                  | 1  | 1                   |             | 20                                      |                     |             |                         |                     |             |                     | 30                  | 2           |
| Total                                      |        | 416                                  | 18   | 8                   | 0           | 80                                      | 44                  | 0           | 25                      | 17                  | 0           | 0                   | 126                 | 4           |

| SKILLS DEVELOPMENT EXPENDITURE  |        |   |   |        |   |        |                         |        |                 |                |
|---|--------|---|---|--------|---|--------|-------------------------|--------|-----------------|----------------|
| Management level  | Gender | Employees as at the beginning of the financial year | Original Budget and Actual Expenditure on skills development Year 1 |        |   |        |                         |        |                 |                |
|   |        |   | Learnerships  |        | Skills programmes & other short courses |        | Other forms of training |        | Total           |                |
|   |        |   | Original Budget   | Actual | Original Budget                         | Actual | Original Budget         | Actual | Original Budget | Actual         |
| <b>MM and S57</b>   | Female | 1   |   |        |   |        |                         |        |                 |                |
|   | Male   | 5   |   |        |   |        |                         |        |                 |                |
| <b>Legislators, senior officials and managers</b>   | Female | 20  |   |        |   |        |                         |        |                 |                |
|   | Male   | 54  |   |        |   | 16262  |                         |        |                 | 16262          |
| <b>Professionals</b>  | Female | 31  |   |        |   | 16427  |                         |        |                 | 16427          |
|   | Male   | 10  |   |        |   | 4685   |                         |        |                 | 4685           |
| <b>Technicians and associate professionals</b>  | Female | 29  |   |        |   | 172952 |                         |        |                 | 172952         |
|   | Male   | 58  |   |        |   | 178824 |                         |        |                 | 178824         |
| <b>Clerks</b>   | Female | 133   |   |        |   | 61172  |                         |        |                 | 61172          |
|   | Male   | 27  |   |        |   | 5130   |                         |        |                 | 5130           |
| <b>Service and sales workers</b>  | Female | 16  |   |        |   | 24983  |                         |        |                 | 24983          |
|   | Male   | 75  |   |        |   | 97367  |                         |        |                 | 97367          |
| <b>Plant and machine operators and assemblers</b>   | Female | 1   |   |        |   |        |                         |        |                 |                |
|   | Male   | 153   |   |        |   | 43533  |                         |        |                 | 43533          |
| <b>Elementary occupations</b>   | Female | 40  |   |        |   | 9914   |                         |        |                 | 9914           |
|   | Male   | 333   |   |        |   | 191510 |                         |        |                 | 191510         |
| <b>Sub total</b>  | Female | 271   |   |        |   | 275534 |                         |        |                 | 285448         |
|   | Male   | 715   |   |        |   | 302268 |                         |        |                 | 537311         |
| <b>Total</b>  |        | 986   | 0   | 0      | 0                                       | 577802 | 0                       | 0      |                 | 822759         |
| <b>*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.</b> |        |   |   |        |   |        |                         |        | <b>%*</b>       | <b>R921520</b> |

## CAREER DEVELOPMENT PROGRAMMES

The following intervention relates to programme within the domain of Career Management that are implemented:

### INTERNSHIPS

Once more, Mossel Bay Municipality has offered internships programme to a total of 13 graduates in Municipal related fields within the Municipality during 2017/18 financial year.

Mossel Bay Municipality has appointed 5 (five) graduate interns that are placed at various directorates.

| INTERNSHIPS PER DIRECTORATE |                                |                    |                    |                    |                  |
|-----------------------------|--------------------------------|--------------------|--------------------|--------------------|------------------|
| CORPORATE SERVICES          | PLANNING & INTEGRATED SERVICES | FINANCIAL SERVICES | COMMUNITY SERVICES | TECHNICAL SERVICES | OFFICE OF THE MM |
| 6                           | 2                              | 5                  | 0                  | 0                  | 0                |

**COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:**

During the 2017/18 financial year, Mossel Bay Municipality made provision of R1 044 520, 00 for training and skills development of officials as depicted on the Workplace Skills Plan submitted on 30 April 2017. An actual amount spent on training and skills development during 2017/18 financial year amounts to R1 039 944, 94 (99.6%).

Mossel Bay Municipality has also allocated an amount of R110 000, 00 as a financial aid to those officials who wish to pursue their studies at tertiary institutions with an actual expenditure that amounts to R 114 084, 00 (104%) during the 2017/2018 financial year.

A need was also identified to assist external students within the Mossel Bay Municipality area who require a financial contribution towards studying in a specific field of study at a recognised educational institution. The provision of funds for external students derives from the Mayoral Relief and Charitable Fund. During the 2017 academic year, financial support was awarded to 8 (eight) students in the amount of R34 000,00.

Mossel Bay Municipality has also secured additional funding from the Provincial Treasury by means of the Financial Management Capacity Building Grant that seeks to provide funding to external bursary recipients for a period of 3 (three) years. The total amount disbursed by the Provincial Treasury as per the MOA entered into with Mossel Bay Municipality for the 2017/2018 financial year amounts to R240 000 and was allocated to 6 (six) beneficiaries.

A total of 51 middle managers are enrolled on the Middle Management Development Programme. Mossel Bay Municipality has made provision of R432 500 during the 2017/2018 financial year.

Mossel Bay strives to align to the vision of a skilled, capable and competent workforce and has effectively trained 934 employed officials during the 2017/2018 financial year in accredited structured learning interventions.

On Financial Competency Regulations, Mossel Bay Municipality has taken reasonable steps towards compliance of its officials as well as attempting to accommodate officials who have attended and completed part of the planned training, but who may still need time to complete the remaining training.

To date, a total of 56 employees are fully competent and have met the requirements of the regulation. A total 3 existing officials are filling their gaps for full compliance and 2 (two) new appointees must attain the minimum competency level in the unit standard for each competency area within 18 months from the date of appointment. Mossel Bay Municipality will ensure soonest completion of the required unit standards and compliance by August 2018 as regulated and outlined in the Government Gazette, No. 40593, published on 03 February 2017.

## **COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

### **INTRODUCTION TO WORKFORCE EXPENDITURE**

The management of employee expenditure is an important function in every organisation, and the Mossel Bay Municipality is no exception. Effective management of employee expenditure is achieved by applying sound management principles and the continuous revision and application of policies and procedures.

### **4.5 EMPLOYEE EXPENDITURE**

#### **COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:**

During July 2017 a decision was taken to investigate the redesign of the macro and micro organisational structure and moratorium was placed on the re-evaluation of posts. Therefore, no posts were upgraded during the reporting period.

With the implementation of the TASK salary scales, employees whose salaries were higher than the grading of the post, retained their higher salaries on an incumbent-to-holder basis in terms of the Collective Agreement. When those employees leave the employment of the Municipality, the vacant posts are then advertised and filled on the evaluated grading of the post.

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of the following three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

### COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

#### 5.1 STATEMENT OF FINANCIAL PERFORMANCE

The Mossel Bay Municipality has performed above the expected norm as set out in both the Original and Adjustments Budgets. The income generated is at 100% of the budgeted income, while the operating expenditure is at 92.8% of the budgeted operational expenditure. This resulted in a surplus of R103 583 365.

The reduction in expenditure includes savings on debt impairment costs (R3,8 million), depreciation charges (R7,7 million), employee-related costs (R10,8 million) and contracted services (R63,7 million). Other than the change between accounting and budget practices, relating to housing top structure expenditure, strict control over all other expenditure in general, contributed to the savings.

| FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES |         |                 |                    |         |                 |                    |
|---|---------|-----------------|--------------------|---------|-----------------|--------------------|
| Description                                   | 2017    |                 | 2018               |         | 2018 Variance   |                    |
|   | Actual  | Original Budget | Adjustments Budget | Actual  | Original Budget | Adjustments Budget |
| <b>Operating Cost</b>                         |         |                 |                    |         |                 |                    |
| <b>Water</b>                                  | 70,659  | 82,041          | 76,603             | 68,020  | -20.61%         | -12.62%            |
| <b>Waste Water (Sanitation)</b>               | 45,706  | 48,299          | 54,716             | 45,503  | -6.15%          | -20.25%            |
| <b>Electricity</b>                            | 311,193 | 319,628         | 317,714            | 318,467 | -0.36%          | 0.24%              |
| <b>Waste Management</b>                       | 37,567  | 43,672          | 42,977             | 45,923  | 4.90%           | 6.42%              |
| <b>Housing</b>                                | 17,996  | 32,767          | 58,038             | 16,637  | -96.94%         | -248.84%           |
| <b>Component A: Sub-Total</b>                 | 483,120 | 526,406         | 550,047            | 494,550 | -6.44%          | -11.22%            |
| <b>Waste Water (Stormwater Drainage)</b>      | 12,226  | 14,571          | 13,984             | 13,770  | -5.82%          | -1.56%             |
| <b>Roads</b>                                  | 40,588  | 46,624          | 49,997             | 48,770  | 4.40%           | -2.52%             |
| <b>Transport</b>                              | 2,314   | 509             | 2,963              | 1,927   | 73.61%          | -53.77%            |
| <b>Component B: Sub-Total</b>                 | 55,128  | 61,703          | 66,944             | 64,467  | 4.29%           | -3.84%             |
| <b>Planning</b>                               | 15,964  | 19,133          | 18,516             | 17,742  | -7.84%          | -4.37%             |
| <b>Local Economic Development</b>             | 9,911   | 11,391          | 11,935             | 11,054  | -3.05%          | -7.97%             |
| <b>Component B: Sub-Total</b>                 | 25,875  | 30,524          | 30,451             | 28,796  | -6.00%          | -5.75%             |
| <b>Planning (Strategic &amp; Regulatory)</b>  | 108,988 | 155,527         | 163,301            | 161,986 | 3.99%           | -0.81%             |
| <b>Local Economic Development</b>             |         |                 |                    |         |                 |                    |
| <b>Component C: Sub-Total</b>                 | 108,988 | 155,527         | 163,301            | 161,986 | 3.99%           | -0.81%             |
| <b>Community &amp; Social Services</b>        | 14,493  | 16,726          | 16,780             | 16,202  | -3.24%          | -3.57%             |

| FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES |         |                 |                    |         |                 |                    |
|---|---------|-----------------|--------------------|---------|-----------------|--------------------|
| Description                                   | 2017    |                 | 2018               |         | 2018 Variance   |                    |
|   | Actual  | Original Budget | Adjustments Budget | Actual  | Original Budget | Adjustments Budget |
| <b>Environmental Protection</b>               | 932     | 996             | 1,163              | 1,092   | 8.84%           | -6.46%             |
| <b>Disaster management</b>                    | 311     | 293             | 326                | 340     | 13.76%          | 4.07%              |
| <b>Security and Safety</b>                    | 22,878  | 27,166          | 29,271             | 27,761  | 2.14%           | -5.44%             |
| <b>Sport and Recreation</b>                   | 43,458  | 51,497          | 49,279             | 47,875  | -7.56%          | -2.93%             |
| <b>Corporate Policy Offices and Other</b>     | 41,947  | 54,065          | 32,598             | 35,162  | -53.76%         | 7.29%              |
| <b>Component D: Sub-Total</b>                 | 124,019 | 150,743         | 129,416            | 128,432 | -17.37%         | -0.77%             |
| <b>Total Expenditure</b>                      | 797,130 | 924,902         | 940,160            | 878,231 | -5.31%          | -7.05%             |

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|   | Approved<br>budget | Adjustments       | Final Budget       | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|---|--------------------|-------------------|--------------------|---|---|---|
|   | R                  | R                 | R                  | R   | R   |   |
| <b>Statement of Financial Performance</b>       |                    |                   |                    |   |   |   |
| <b>Revenue</b>                                  |                    |                   |                    |   |   |   |
| <b>Revenue from exchange transactions</b>       |                    |                   |                    |   |   |   |
| Service charges                                 | 589 224 155        | 4 330 403         | 593 554 558        | 602 001 682                                 | 8 447 124   | Conservative budgeting in respect of Water and Electricity charges.   |
| Rental of facilities and equipment              | 5 119 401          | (35 445)          | 5 083 956          | 5 078 997                                   | (4 959)   |   |
| Interest received (trading)                     | 1 683 720          | (99 760)          | 1 583 960          | 1 722 677                                   | 138 717   |   |
| Agency services                                 | 5 016 113          | 734 895           | 5 751 008          | 6 052 555                                   | 301 547   |   |
| Other income - (rollup)                         | 18 992 055         | 7 688 430         | 26 680 485         | 35 263 729                                  | 8 583 244   | The main reasons for additional revenue is additional revenue from External service contributions, Camping fees and Land sales. |
| Interest received - investment                  | 32 700 000         | 4 558 867         | 37 258 867         | 38 602 829                                  | 1 343 962   | Increase in available cash and better than expected interest rates.   |
| <b>Total revenue from exchange transactions</b> | <b>652 735 444</b> | <b>17 177 390</b> | <b>669 912 834</b> | <b>688 722 469</b>                          | <b>18 809 635</b>                                   |   |
| <b>Revenue from non-exchange transactions</b>   |                    |                   |                    |   |   |   |
| <b>Taxation revenue</b>                         |                    |                   |                    |   |   |   |
| Property rates                                  | 108 476 248        | 304 995           | 108 781 243        | 111 524 049                                 | 2 742 806   | Implementation of supplementary valuation roll.   |
| Licences and Permits (Non-exchange)             | 1 076 124          | 154 525           | 1 230 649          | 1 300 402                                   | 69 753  |   |
| <b>Transfer revenue</b>                         |                    |                   |                    |   |   |   |
| Government grants & subsidies                   | 150 661 343        | 43 056 942        | 193 718 285        | 164 085 506                                 | (29 632 779)  | Mainly the underspending of Human Settlements Development grant.  |
| Public contributions and donations              | 350 000            | 1 665 478         | 2 015 478          | 2 481 870                                   | 466 392   |   |
| Fines, Penalties and Forfeits                   | 37 802 859         | (32 879 215)      | 4 923 644          | 13 659 388                                  | 8 735 744   | More traffic fines than expected was issued.  |

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|   | Approved<br>budget | Adjustments       | Final Budget       | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|---|--------------------|-------------------|--------------------|---|---|---|
|   | R                  | R                 | R                  | R   | R   |   |
| <b>Total revenue from non-exchange transactions</b> | <b>298 366 574</b> | <b>12 302 725</b> | <b>310 669 299</b> | <b>293 051 215</b>                          | <b>(17 618 084)</b>                                 |   |
| 'Total revenue from exchange transactions'          | 652 735 444        | 17 177 390        | 669 912 834        | 688 722 469                                 | 18 809 635  |   |
| 'Total revenue from non-exchange transactions'      | 298 366 574        | 12 302 725        | 310 669 299        | 293 051 215                                 | (17 618 084)  |   |
| <b>Total revenue</b>                                | <b>951 102 018</b> | <b>29 480 115</b> | <b>980 582 133</b> | <b>981 773 684</b>                          | <b>1 191 551</b>                                    |   |
| <b>Expenditure</b>                                  |                    |                   |                    |   |   |   |
| Personnel   | (279 815 152)      | 4 436 485         | (275 378 667)      | (264 536 461)                               | 10 842 206  | A different accounting treatment of Water treatment work cost as well as a saving due to not filling of positions.            |
| Remuneration of councillors                         | (11 078 473)       | 137 155           | (10 941 318)       | (10 941 298)                                | 20  |   |
| Depreciation and amortisation                       | (72 992 708)       | (2 082 903)       | (75 075 611)       | (67 365 884)                                | 7 709 727   | A different accounting treatment of Water treatment work cost as well as less projects finalised and unbundled than expected. |
| Impairment loss/ Reversal of impairments            | -                  | -                 | -                  | (76 167)                                    | (76 167)  |   |
| Finance costs                                       | (3 395 548)        | (77 696)          | (3 473 244)        | (11 060 147)                                | (7 586 903)   | Higher than expected cost on the Landfill site.   |
| Lease rentals on operating lease                    | (5 204 323)        | 187 945           | (5 016 378)        | (5 187 733)                                 | (171 355)   |   |
| Debt Impairment                                     | (41 650 190)       | 20 360 039        | (21 290 151)       | (17 453 642)                                | 3 836 509   | Better than expected collection on Sewerage, Refuse and Water services.   |
| Bulk purchases                                      | (269 678 873)      | 3 382 635         | (266 296 238)      | (267 744 119)                               | (1 447 881)   | Electricity consumption more than anticipated.  |
| Contracted Services                                 | (131 410 968)      | (29 550 018)      | (160 960 986)      | (97 222 116)                                | 63 738 870  | The main contributor is the underspending on Housing Topstructures  |
| Transfers and Subsidies                             | (4 329 810)        | (515 890)         | (4 845 700)        | (4 282 136)                                 | 563 564   |   |



## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|  | Approved<br>budget   | Adjustments         | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference  |
|--|----------------------|---------------------|----------------------|---|---|--|
|  | R                    | R                   | R                    | R   | R   |  |
| Sale of goods/Inventory  | (52 580 118)         | (9 069 635)         | (61 649 753)         | (76 813 674)                                | (15 163 921)  | A different accounting treatment of Water treatment work cost, included in this line item are all cost related to the purification of water and only bulk purchases was in the budget line item. |
| General Expenses   | (51 642 245)         | (2 891 841)         | (54 534 086)         | (49 068 289)                                | 5 465 797   | The variance is mainly due to savings on Telephone and Travel costs, Advertising, Grass cutting, Information Technology expenses. The Levies for Water expenses is recognised under Inventory.   |
| <b>Total expenditure</b>   | <b>(923 778 408)</b> | <b>(15 683 724)</b> | <b>(939 462 132)</b> | <b>(871 751 666)</b>                        | <b>67 710 466</b>                                   |  |
|  | 951 102 018          | 29 480 115          | 980 582 133          | 981 773 684                                 | 1 191 551   |  |
| <b>Operating surplus</b>   | <b>(923 778 408)</b> | <b>(15 683 724)</b> | <b>(939 462 132)</b> | <b>(871 751 666)</b>                        | <b>67 710 466</b>                                   |  |
|  | 27 323 610           | 13 796 391          | 41 120 001           | 110 022 018                                 | 68 902 017  |  |
| Loss on disposal of assets and liabilities   | (973 400)            | 425 869             | (547 531)            | (1 021 576)                                 | (474 045)   |  |
| Inventories losses/write-downs   | (150 000)            | -                   | (150 000)            | (5 417 077)                                 | (5 267 077)   | A different accounting treatment of Water treatment work cost the apparent and real water losses was accounted for the first time and not budgeted for in the same manner.                       |
|  | (1 123 400)          | 425 869             | (697 531)            | (6 438 653)                                 | (5 741 122)   |  |
|  | 27 323 610           | 13 796 391          | 41 120 001           | 110 022 018                                 | 68 902 017  |  |
| <b>Surplus before taxation</b>   | <b>(1 123 400)</b>   | <b>425 869</b>      | <b>(697 531)</b>     | <b>(6 438 653)</b>                          | <b>(5 741 122)</b>                                  |  |
| Deficit before taxation  | 26 200 210           | 14 222 260          | 40 422 470           | 103 583 365                                 | 63 160 895  |  |
| Taxation   | 26 200 210           | 14 222 260          | 40 422 470           | 103 583 365                                 | 63 160 895  |  |
|  | -                    | -                   | -                    | -   | -   |  |
| <b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b> | <b>26 200 210</b>    | <b>14 222 260</b>   | <b>40 422 470</b>    | <b>103 583 365</b>                          | <b>63 160 895</b>                                   |  |

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|  | Approved<br>budget | Adjustments       | Final Budget       | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|--|--------------------|-------------------|--------------------|---|---|---|
|  | R                  | R                 | R                  | R   | R   |   |
| <b>Statement of Financial Position</b>     |                    |                   |                    |   |   |   |
| <b>ASSETS</b>                              |                    |                   |                    |   |   |   |
| <b>CURRENT ASSETS</b>                      |                    |                   |                    |   |   |   |
| Inventories                                | 20 910 953         | 5 864 708         | 26 775 661         | 49 658 368                                  | 22 882 707  | The inventory related to Housing stock increased as a result of the slower than expected handing over of houses.  |
| Operating lease asset                      | -                  | -                 | -                  | 196 907                                     | 196 907   |   |
| Receivables from non-exchange transactions | 25 247 849         | (2 383 504)       | 22 864 345         | 19 299 054                                  | (3 565 291)   | The write off of traffic fines and the improved collection rate caused the outstanding amounts to be less than budgeted.  |
| VAT receivable                             | -                  | -                 | -                  | 10 896 467                                  | 10 896 467  | VAT was budgeted to be a payable at year end.   |
| Receivables from exchange transactions     | 66 934 351         | (3 109 758)       | 63 824 593         | 72 666 300                                  | 8 841 707   | A larger than expected accrual for water and electricity consumption caused the balance to increase although a better than expected collection rate was achieved. |
| Short term investments                     | 295 000 000        | 60 000 000        | 355 000 000        | 411 899 411                                 | 56 899 411  | As a result of the improved collection rate as well as savings on the operational cost the balance is better than expected.                                       |
| Cash and cash equivalents                  | 281 420            | 443 431           | 724 851            | 14 349 526                                  | 13 624 675  | As a result of the improved collection rate as well as savings on the operational cost the balance is better than expected.                                       |
| Current portion of long-term receivables   | 300 849            | 5 831             | 306 680            | 477 942                                     | 171 262   |   |
|  | <b>408 675 422</b> | <b>60 820 708</b> | <b>469 496 130</b> | <b>579 443 975</b>                          | <b>109 947 845</b>                                  |   |

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|                               | Approved<br>budget   | Adjustments        | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|-------------------------------|----------------------|--------------------|----------------------|---|---|---|
|                               | R                    | R                  | R                    | R   | R   |   |
| <b>NON-CURRENT ASSETS</b>     |                      |                    |                      |   |   |   |
| Investment property           | 602 829 513          | 20 872 209         | 623 701 722          | 593 222 526                                 | (30 479 196)  | The net effect of land sales and the recognition of the newly identified vesting properties were not budgeted for.  |
| Property, plant and equipment | 1 964 139 311        | 77 965 164         | 2 042 104 475        | 2 048 900 460                               | 6 795 985   | The combination of the underspending on the capital program, the recognition of newly identified vesting properties and the less than expected completed projects caused the increased value. |
| Intangible assets             | 583 041              | (115 646)          | 467 395              | 593 708                                     | 126 313   |   |
| Heritage assets               | 4 225 599            | -                  | 4 225 599            | 4 225 599                                   | -   |   |
| Long term receivables         | 167 493              | 576 226            | 743 719              | 354 732                                     | (388 987)   |   |
| Investments                   | 36 000 000           | -                  | 36 000 000           | 36 000 000                                  | -   |   |
|                               | <b>2 607 944 957</b> | <b>99 297 953</b>  | <b>2 707 242 910</b> | <b>2 683 297 025</b>                        | <b>(23 945 885)</b>                                 |   |
| Non-Current Assets            | 408 675 422          | 60 820 708         | 469 496 130          | 579 443 975                                 | 109 947 845   |   |
| Current Assets                | 2 607 944 957        | 99 297 953         | 2 707 242 910        | 2 683 297 025                               | (23 945 885)  |   |
| <b>TOTAL ASSETS</b>           | <b>3 016 620 379</b> | <b>160 118 661</b> | <b>3 176 739 040</b> | <b>3 262 741 000</b>                        | <b>86 001 960</b>                                   |   |
| <b>LIABILITIES</b>            |                      |                    |                      |   |   |   |
| <b>CURRENT LIABILITIES</b>    |                      |                    |                      |   |   |   |
| Other financial liabilities   | 5 442 860            | 153 847            | 5 596 707            | 3 236 143                                   | (2 360 564)   | The new loan for 17/18 year's interest and redemption was included in the budget, but was only taken up at year-end.  |
| Operating lease liability     | -                    | -                  | -                    | 1 845 156                                   | 1 845 156   | Line item included in budget under Payables as Budget format does not provide for this item separately.   |

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|   | Approved<br>budget | Adjustments  | Final Budget | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference  |
|---|--------------------|--------------|--------------|---|---|--|
|   | R                  | R            | R            | R   | R   |  |
| Payables from exchange transactions     | 103 455 104        | 12 946 190   | 116 401 294  | 113 837 285                                 | (2 564 009)   | Better than expected payment rate on trade payables.   |
| Consumer deposits                       | 22 841 075         | 1 561 629    | 24 402 704   | 25 624 225                                  | 1 221 521   | More houses and new connections than expected due to newly constructed dwellings.  |
| Employee benefit obligation             | -                  | -            | -            | 27 856 681                                  | 27 856 681  | Different budget principles employee benefits included in the line item of provisions, Employee benefits also increased more than expected.  |
| Unspent conditional grants and receipts | -                  | 17 960 861   | 17 960 861   | 36 772 905                                  | 18 812 044  | Increased as a result of the unspent funds for housing projects.   |
| Provisions                              | 29 711 143         | 14 178 966   | 43 890 109   | 2 515 876                                   | (41 374 233)  | Different budget principles employee benefits included in the line item of provisions. The provisions increased as a result of an higher than expected contribution to landfill sites. |
|   | 161 450 182        | 46 801 493   | 208 251 675  | 211 688 271                                 | 3 436 596   |  |
| <b>NON-CURRENT LIABILITIES</b>          |                    |              |              |   |   |  |
| Other financial liabilities             | 28 472 453         | (2 011 218)  | 26 461 235   | 30 651 228                                  | 4 189 993   | Budget did not make provision for the movements.   |
| Finance lease obligation                | 5 933              | -            | 5 933        | 18 876                                      | 12 943  |  |
| Employee benefit obligation             | 126 486 632        | (31 028 696) | 95 457 936   | 102 716 000                                 | 7 258 064   | The provisions is higher due to higher than expected increases in medical aid contributions, resulting in additional obligation towards continue medical aid.                          |

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|  | Approved<br>budget   | Adjustments        | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|--|----------------------|--------------------|----------------------|---|---|---|
|  | R                    | R                  | R                    | R   | R   |   |
| Provisions   | 89 064 481           | (9 252 107)        | 79 812 374           | 76 089 339                                  | (3 723 035)   | The provisions increased as a result of an higher than expected contribution to landfill sites as well as incorrect budgeting |
| Non-current deposits   | -                    | -                  | -                    | 286 755                                     | 286 755   |   |
|  | 244 029 499          | (42 292 021)       | 201 737 478          | 209 762 198                                 | 8 024 720   |   |
|  | 161 450 182          | 46 801 493         | 208 251 675          | 211 688 271                                 | 3 436 596   |   |
|  | 244 029 499          | (42 292 021)       | 201 737 478          | 209 762 198                                 | 8 024 720   |   |
|  | -                    | -                  | -                    | -   | -   |   |
| <b>TOTAL LIABILITIES</b>                                       | <b>405 479 681</b>   | <b>4 509 472</b>   | <b>409 989 153</b>   | <b>421 450 469</b>                          | <b>11 461 316</b>                                   |   |
| Assets   | 3 016 620 379        | 160 118 661        | 3 176 739 040        | 3 262 741 000                               | 86 001 960  |   |
| LIABILITIES  | (405 479 681)        | (4 509 472)        | (409 989 153)        | (421 450 469)                               | (11 461 316)  |   |
| <b>NET ASSETS</b>  | <b>2 611 140 698</b> | <b>155 609 189</b> | <b>2 766 749 887</b> | <b>2 841 290 531</b>                        | <b>74 540 644</b>                                   |   |
| <b>NET ASSETS</b>  |                      |                    |                      |   |   |   |
| <b>Net Assets Attributable to Owners of Controlling Entity</b> |                      |                    |                      |   |   |   |
| <b>Reserves</b>  |                      |                    |                      |   |   |   |
| Reserves   | 129 088 878          | 258 201            | 129 347 079          | 138 849 299                                 | 9 502 220   | Additional cash generated was contributed to the Capital Replacement Reserve  |
| Accumulated surplus  | 2 482 051 820        | 155 350 988        | 2 637 402 808        | 2 702 441 232                               | 65 038 424  | The nett result of all the expalnation in the statement of Financial performance and position cause this variance             |
| <b>Total Net Assets</b>  | <b>2 611 140 698</b> | <b>155 609 189</b> | <b>2 766 749 887</b> | <b>2 841 290 531</b>                        | <b>74 540 644</b>                                   |   |

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|  | Approved<br>budget   | Adjustments         | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|--|----------------------|---------------------|----------------------|---|---|---|
|  | R                    | R                   | R                    | R   | R   |   |
| <b>Cash Flow Statement</b>                               |                      |                     |                      |   |   |   |
| <b>Cash flows from operating activities</b>              |                      |                     |                      |   |   |   |
| <b>Receipts</b>  |                      |                     |                      |   |   |   |
| Property rates   | 107 367 906          | 301 882             | 107 669 788          | 111 524 049                                 | 3 854 261   | Implementation of supplementary valuation roll.   |
| Service charges  | 578 101 745          | 4 292 893           | 582 394 638          | 590 911 022                                 | 8 516 384   | Conservative budgeting i.r.o. water and electricity charges.  |
| Other revenue  | 67 396 752           | (24 540 478)        | 42 856 274           | 62 835 992                                  | 19 979 718  | The reversal of impairment budget is incorrectly included in the Cashflow budget.   |
| Interest income  | 34 958 030           | 960 230             | 35 918 260           | 35 408 542                                  | (509 718)   |   |
| Government - operating & Capital                         | 151 046 830          | 43 297 075          | 194 343 905          | 162 895 116                                 | (31 448 789)  | Revenue not recognised due to underspending on human settlements development grant.   |
|  | <b>938 871 263</b>   | <b>24 311 602</b>   | <b>963 182 865</b>   | <b>963 574 721</b>                          | <b>391 856</b>                                      |   |
| <b>Payments</b>  |                      |                     |                      |   |   |   |
| Suppliers and employees                                  | (827 067 392)        | (30 501 872)        | (857 569 264)        | (840 541 441)                               | 17 027 823  | Underspending is due to savings on Chemicals, IT related expenses, telephone costs and the unspent Housing topstructures funds. |
| Transfers and Grants                                     | (4 329 810)          | (564 890)           | (4 894 700)          | (4 375 155)                                 | 519 545   |   |
|  | <b>(831 397 202)</b> | <b>(31 066 762)</b> | <b>(862 463 964)</b> | <b>(844 916 596)</b>                        | <b>17 547 368</b>                                   |   |
| <b>Net cash flows from / (used) operating activities</b> | <b>107 474 061</b>   | <b>(6 755 160)</b>  | <b>100 718 901</b>   | <b>118 658 125</b>                          | <b>17 939 224</b>                                   |   |
| <b>Cash flows from investing activities</b>              |                      |                     |                      |   |   |   |



## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

|  | Approved<br>budget   | Adjustments         | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference  |
|--|----------------------|---------------------|----------------------|---|---|--|
|  | R                    | R                   | R                    | R   | R   |  |
| Proceeds on disposal of Property, Plant and Equipment          | 954 000              | 5 179 316           | 6 133 316            | 2 860 552                                   | (3 272 764)   | Planned proceeds did not realise.  |
| Decrease / (increase) other non-current receivables            | 100 000              | -                   | 100 000              | 268 999                                     | 168 999   |  |
| Decrease / (increase) in non-current investments               | (12 000 000)         | -                   | (12 000 000)         | (12 000 000)                                | -   |  |
| Purchase of Capital assets                                     | (126 284 585)        | (26 709 948)        | (152 994 533)        | (136 418 111)                               | 16 576 422  | Refer to Note 47 for detail per vote on variances.                                     |
| (Increase) / Decrease in short term investments                | -                    | -                   | -                    | (46 090 183)                                | (46 090 183)  | Due to change in accounting policy, refer to Note 45.                                  |
| Finance costs  | (3 387 449)          | (63 830)            | (3 451 279)          | (3 131 086)                                 | 320 193   |  |
| <b>Net cash flows from / (used) investing activities</b>       | <b>(140 618 034)</b> | <b>(21 594 462)</b> | <b>(162 212 496)</b> | <b>(194 509 829)</b>                        | <b>(32 297 333)</b>                                 |  |
| <b>Cash flows from financing activities</b>                    |                      |                     |                      |   |   |  |
| Proceeds / (Repayment) of other financial liabilities          | 5 600 000            | -                   | 5 600 000            | 5 600 000                                   | -   |  |
| Increase / (decrease) in consumer deposits                     | 1 087 670            | 74 363              | 1 162 033            | 2 383 554                                   | 1 221 521   | More houses and new connections than expected, due to newly constructed dwellings.     |
| Proceeds / (Repayment) of Finance leases and other liabilities | (4 300 299)          | (2 585 744)         | (6 886 043)          | (3 038 064)                                 | 3 847 979   | Budgeted for the repayment on current year loan as well at higher than expected rates. |
| <b>Net cash flows from / (used) financing activities</b>       | <b>2 387 371</b>     | <b>(2 511 381)</b>  | <b>(124 010)</b>     | <b>4 945 490</b>                            | <b>5 069 500</b>                                    |  |
| Net increase/(decrease) in cash and cash equivalents           | (30 756 602)         | (30 861 003)        | (61 617 605)         | (70 906 214)                                | (9 288 609)   |  |
| Cash and cash equivalents at the beginning of the year         | 326 038 022          | 91 304 434          | 417 342 456          | 51 533 227                                  | (365 809 229)                                       | Due to change in accounting policy, refer to Note 45.                                  |
| <b>Cash and cash equivalents at the end of the year</b>        | <b>295 281 420</b>   | <b>60 443 431</b>   | <b>355 724 851</b>   | <b>(19 372 987)</b>                         | <b>(375 097 838)</b>                                |  |

## Appropriation Statement

|  | Original<br>budget   | Budget<br>adjustments<br>(i.t.o. s28 and<br>s31 of the<br>MFMA) | Final<br>adjustments<br>budget | Shifting of<br>funds (i.t.o.<br>s31 of the<br>MFMA) | Virement<br>(i.t.o. council<br>approved<br>policy) | Final budget         | Actual<br>outcome    | Unauthorised<br>expenditure | Variance          | Actual<br>outcome<br>as % of<br>final<br>budget | Actual<br>outcome<br>as % of<br>original<br>budget |
|--|----------------------|---|--------------------------------|---|--|----------------------|----------------------|-----------------------------|-------------------|---|--|
|  | R                    | R   | R                              | R   | R  | R                    | R                    | R                           | R                 | R   | R  |
| <b>2018</b>  |                      |   |                                |   |  |                      |                      |                             |                   |   |  |
| <b>Financial Performance</b>   |                      |   |                                |   |  |                      |                      |                             |                   |   |  |
| Property rates   | 108 476 248          | 304 995   | 108 781 243                    | -   |  | 108 781 243          | 111 524 049          |                             | 2 742 806         | 103 %   | 103 %  |
| Service charges  | 589 224 155          | 4 330 403   | 593 554 558                    | -   |  | 593 554 558          | 602 001 682          |                             | 8 447 124         | 101 %   | 102 %  |
| Investment revenue   | 32 700 000           | 4 558 867   | 37 258 867                     | -   |  | 37 258 867           | 38 602 829           |                             | 1 343 962         | 104 %   | 118 %  |
| Transfers recognised - operational                                   | 117 074 536          | 26 623 233  | 143 697 769                    | -   |  | 143 697 769          | 126 175 199          |                             | (17 522 570)      | 88 %  | 108 %  |
| Other own revenue  | 68 614 148           | (24 277 820)  | 44 336 328                     | -   |  | 44 336 328           | 62 781 220           |                             | 18 444 892        | 142 %   | 91 %   |
| Licences and permits   | 1 076 124            | 154 525   | 1 230 649                      | -   |  | 1 230 649            | 1 300 402            |                             | 69 753            | 106 %   | 121 %  |
| <b>Total revenue (excluding capital transfers and contributions)</b> | <b>917 165 211</b>   | <b>11 694 203</b>   | <b>928 859 414</b>             | <b>-</b>  |  | <b>928 859 414</b>   | <b>942 385 381</b>   |                             | <b>13 525 967</b> | <b>101 %</b>                                    | <b>103 %</b>                                       |
| Employee costs   | (279 815 152)        | 4 436 485   | (275 378 667)                  | -   | -  | (275 378 667)        | (264 536 461)        | -                           | 10 842 206        | 96 %  | 95 %   |
| Remuneration of councillors  | (11 078 473)         | 137 155   | (10 941 318)                   | -   | -  | (10 941 318)         | (10 941 298)         | -                           | 20                | 100 %   | 99 %   |
| Debt impairment  | (41 650 190)         | 20 360 039  | (21 290 151)                   |   |  | (21 290 151)         | (17 453 642)         | -                           | 3 836 509         | 82 %  | 42 %   |
| Depreciation and asset impairment                                    | (72 992 708)         | (2 082 903)   | (75 075 611)                   |   |  | (75 075 611)         | (67 442 051)         | -                           | 7 633 560         | 90 %  | 92 %   |
| Finance charges  | (3 395 548)          | (77 696)  | (3 473 244)                    | -   | -  | (3 473 244)          | (11 060 147)         | -                           | (7 586 903)       | 318 %   | 326 %  |
| Materials and bulk purchases   | (269 678 873)        | 3 382 635   | (266 296 238)                  | -   | -  | (266 296 238)        | (267 744 119)        | -                           | (1 447 881)       | 101 %   | 99 %   |
| Transfers and grants   | (4 329 810)          | (515 890)   | (4 845 700)                    | -   | -  | (4 845 700)          | (4 282 136)          | -                           | 563 564           | 88 %  | 99 %   |
| Other expenditure  | (241 961 054)        | (41 210 955)  | (283 172 009)                  | -   | -  | (283 172 009)        | (235 734 339)        | -                           | 47 437 670        | 83 %  | 97 %   |
| <b>Total expenditure</b>   | <b>(924 901 808)</b> | <b>(15 571 130)</b>   | <b>(940 472 938)</b>           | <b>-</b>  | <b>-</b>   | <b>(940 472 938)</b> | <b>(879 194 193)</b> | <b>-</b>                    | <b>61 278 745</b> | <b>93 %</b>                                     | <b>95 %</b>  |



## Appropriation Statement

|  | Original<br>budget | Budget<br>adjustments<br>(i.t.o. s28 and<br>s31 of the<br>MFMA) | Final<br>adjustments<br>budget | Shifting of<br>funds (i.t.o.<br>s31 of the<br>MFMA) | Virement<br>(i.t.o. council<br>approved<br>policy) | Final budget        | Actual<br>outcome  | Unauthorised<br>expenditure | Variance          | Actual<br>outcome<br>as % of<br>final<br>budget | Actual<br>outcome<br>as % of<br>original<br>budget |
|--|--------------------|---|--------------------------------|---|--|---------------------|--------------------|-----------------------------|-------------------|---|--|
|  | R                  | R   | R                              | R   | R  | R                   | R                  | R                           | R                 | R   | R  |
| Total revenue<br>(excluding capital<br>transfers and<br>contributions)     | 917 165 211        | 11 694 203  | 928 859 414                    | -   | -  | 928 859 414         | 942 385 381        | -                           | 13 525 967        | 101 %   | 103 %  |
| Total expenditure  | (924 901 808)      | (15 571 130)  | (940 472 938)                  | -   | -  | (940 472 938)       | (879 194 193)      | -                           | 61 278 745        | 93 %  | 95 %   |
| <b>Surplus/(Deficit)</b>   | <b>(7 736 597)</b> | <b>(3 876 927)</b>  | <b>(11 613 524)</b>            | -   | -  | <b>(11 613 524)</b> | <b>63 191 188</b>  | -                           | <b>74 804 712</b> | <b>(544)%</b>                                   | <b>(817)%</b>                                      |
| Transfers recognised -<br>capital  | 33 586 807         | 16 433 709  | 50 020 516                     | -   | -  | 50 020 516          | 37 910 307         | -                           | (12 110 209)      | 76 %  | 113 %  |
| Contributions<br>recognised - capital and<br>contributed assets            | 350 000            | 1 665 478   | 2 015 478                      | -   | -  | 2 015 478           | 2 481 870          | -                           | 466 392           | 123 %   | 709 %  |
| <b>Surplus/(Deficit)</b>   | <b>(7 736 597)</b> | <b>(3 876 927)</b>  | <b>(11 613 524)</b>            | -   | -  | <b>(11 613 524)</b> | <b>63 191 188</b>  | -                           | <b>74 804 712</b> | <b>(544)%</b>                                   | <b>(817)%</b>                                      |
| Capital transfers and<br>contributions                                     | 33 936 807         | 18 099 187  | 52 035 994                     | -   | -  | 52 035 994          | 40 392 177         | -                           | (11 643 817)      | 78 %  | 119 %  |
| <b>Surplus (Deficit) after<br/>capital transfers and<br/>contributions</b> | <b>26 200 210</b>  | <b>14 222 260</b>   | <b>40 422 470</b>              | -   | -  | <b>40 422 470</b>   | <b>103 583 365</b> | -                           | <b>63 160 895</b> | <b>256 %</b>                                    | <b>395 %</b>                                       |
| Surplus (Deficit) after<br>capital transfers and<br>contributions          | 26 200 210         | 14 222 260  | 40 422 470                     | -   | -  | 40 422 470          | 103 583 365        | -                           | 63 160 895        | 256 %   | 395 %  |
| <b>Surplus/(Deficit) for<br/>the year</b>                                  | <b>26 200 210</b>  | <b>14 222 260</b>   | <b>40 422 470</b>              | -   | -  | <b>40 422 470</b>   | <b>103 583 365</b> | -                           | <b>63 160 895</b> | <b>256 %</b>                                    | <b>395 %</b>                                       |
| <b>Capital expenditure and funds sources</b>                               |                    |   |                                |   |  |                     |                    |                             |                   |   |  |
| Total capital<br>expenditure   | 126 284 585        | 26 709 948  | 152 994 533                    | -   | -  | 152 994 533         | 137 836 431        | -                           | (15 158 102)      | 90 %  | 109 %  |

## Appropriation Statement

|   | Original<br>budget  | Budget<br>adjustments<br>(i.t.o. s28 and<br>s31 of the<br>MFMA) | Final<br>adjustments<br>budget | Shifting of<br>funds (i.t.o.<br>s31 of the<br>MFMA) | Virement<br>(i.t.o. council<br>approved<br>policy) | Final budget        | Actual<br>outcome   | Unauthorised<br>expenditure | Variance           | Actual<br>outcome<br>as % of<br>final<br>budget | Actual<br>outcome<br>as % of<br>original<br>budget |
|---|---------------------|---|--------------------------------|---|--|---------------------|---------------------|-----------------------------|--------------------|---|--|
|   | R                   | R   | R                              | R   | R  | R                   | R                   | R                           | R                  | R   | R  |
| <b>Cash flows</b>   |                     |   |                                |   |  |                     |                     |                             |                    |   |  |
| Net cash from (used)<br>operating                                       | 104 086 612         | (6 818 990)   | 97 267 622                     | -   |  | 97 267 622          | 152 380 638         |                             | 55 113 016         | 157 %   | 146 %  |
| Net cash from (used)<br>investing                                       | (137 230 585)       | (21 530 631)  | (158 761 216)                  | -   |  | (158 761 216)       | (191 378 743)       |                             | (32 617 527)       | 121 %   | 139 %  |
| Net cash from (used)<br>financing                                       | 2 387 371           | (2 511 381)   | (124 010)                      | -   |  | (124 010)           | 1 814 404           |                             | 1 938 414          | (1 463)%  | 76 %   |
| <b>Net<br/>increase/(decrease) in<br/>cash and cash<br/>equivalents</b> | <b>(30 756 602)</b> | <b>(30 861 002)</b>   | <b>(61 617 604)</b>            | <b>-</b>  |  | <b>(61 617 604)</b> | <b>(37 183 701)</b> |                             | <b>24 433 903</b>  | <b>60 %</b>                                     | <b>121 %</b>                                       |
| Cash and cash<br>equivalents at the<br>beginning of the year            | 326 038 022         | 91 304 434  | 417 342 456                    | -   |  | 417 342 456         | 51 533 227          |                             | (365 809 229)      | 12 %  | 16 %   |
| Net increase /<br>(decrease) in cash and<br>cash equivalents            | (30 756 602)        | (30 861 002)  | (61 617 604)                   | -   | -  | (61 617 604)        | (37 183 701)        | -                           | (24 433 903)       | 60 %  | 121 %  |
| Cash and cash<br>equivalents at the<br>beginning of the year            | 326 038 022         | 91 304 434  | 417 342 456                    | -   | -  | 417 342 456         | 51 533 227          | -                           | 365 809 229        | 12 %  | 16 %   |
| <b>Cash and cash<br/>equivalents at year<br/>end</b>                    | <b>295 281 420</b>  | <b>60 443 432</b>   | <b>355 724 852</b>             | <b>-</b>  |  | <b>355 724 852</b>  | <b>14 349 526</b>   |                             | <b>341 375 326</b> | <b>4 %</b>                                      | <b>5 %</b>   |

## 5.2 GRANTS

| Details  | Grant Performance |                       |         |          | R' 000                |  |
|--|-------------------|-----------------------|---------|----------|-----------------------|--|
|  | Budget            | Adjustments<br>Budget | Actual  | Variance |                       |  |
|  |                   |                       |         | Budget   | Adjustments<br>Budget |  |
| Operating expenditure of Transfers and Grants                |                   |                       |         |          |                       |  |
| Local Government Equitable Share                             | 78,472            | 78,472                | 78,432  | 0%       | 0%                    |  |
| Finance Management grant                                     | 1,550             | 1,550                 | 1,550   | 0%       | 0%                    |  |
| Expanded Public Works Programme Integrated Grant             | 2,291             | 2,291                 | 2,079   | 10%      | 10%                   |  |
| Housing  | 25,500            | 51,495                | 34,183  |          |                       |  |
| Community Development Workers                                | 933               | 56                    | 56      | 1566%    | 0%                    |  |
| Library Services   | 7,848             | 7,848                 | 7,818   | 0%       | 0%                    |  |
| Subsidy - Housing Emergency Kits                             | 180               | 559                   | 93      | 94%      | 501%                  |  |
| Local Government Graduate Internship Grant                   | –                 | 106                   | 59      | -100%    | 81%                   |  |
| Maintenance & Construction of Transport Infrastructure Grant | 60                | 800                   | 800     |          |                       |  |
| Financial Management Support Grant                           | –                 | 280                   | 280     | -100%    | 0%                    |  |
| Financial Management Capacity Building Grant                 | 240               | 240                   | 240     |          |                       |  |
| Interactive Community Access Network Grant                   | –                 | –                     | –       |          |                       |  |
| Other Specify:   |                   |                       |         |          |                       |  |
| SETA   | –                 | –                     | 586     | -100%    | -100%                 |  |
|  |                   |                       |         |          |                       |  |
| Total Operating Transfers and Grants                         | 117.075           | 143.698               | 126.175 | -7%      | 14%                   |  |

### COMMENT ON OPERATING TRANSFERS AND GRANT:

Unspent Capital and Operational Grant funding relates to funding for housing projects that are multi-year projects. It has been requested that these funds be rolled over to the 2018/2019 financial year.

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The full asset life cycle cost of capital assets needs to be recovered, while the customers have access to the service, hence the importance of the completeness of the capital asset register.

This year, as in the case for the past 5 years, the focus was on the completeness of capital assets under the control of the Municipality. Electricity Infrastructure was addressed during the financial year with the vesting properties being another focus area. The Geographical Information System (GIS) is viewed as a crucial tool in ensuring completeness of immovable capital assets. It has already proved to be very useful in ensuring completeness.

The Municipality continuously endeavours to improve its asset management by putting policies, principles and processes in place that is in line with the vision of the Municipality.

| REPAIR AND MAINTENANCE EXPENDITURE: 2018 |                 |                   |        | R' 000          |
|--|-----------------|-------------------|--------|-----------------|
|  | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure      | 130871          | 132849            | 89335  | 32%             |

#### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The ratio for Repairs and Maintenance expenditure to the total expenditure for the year indicates that the Municipality spends 10.2% of its budget on Repairs and Maintenance of Assets, which is above the norm of 8% set by National Treasury.

#### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

|          | Liquidity     | Liquidity                     | Activity                 | Solvency                    | Cash Flow                    | Cash Flow                    |
|----------|---------------|-------------------------------|--------------------------|-----------------------------|------------------------------|------------------------------|
|          | Current ratio | Debtors payment period (days) | Inventory turnover ratio | Total assets to liabilities | Current liabilities coverage | Capital expenditure coverage |
| 2009     | 3.12          | 42                            | 14.00                    | 10.29                       | 1.09                         | 0.96                         |
| 2010     | 2.28          | 45                            | 13.00                    | 9.15                        | 0.18                         | 0.15                         |
| 2011     | 1.70          | 35                            | 15.00                    | 7.70                        | 1.50                         | 1.08                         |
| 2012     | 2.29          | 30                            | 10.00                    | 5.73                        | 0.60                         | 0.67                         |
| 2013     | 2.27          | 24                            | 9.00                     | 6.31                        | 0.98                         | 1.09                         |
| 2014     | 2.35          | 26                            | 26.00                    | 7.53                        | 0.98                         | 1.30                         |
| 2015     | 2.39          | 51                            | 20.00                    | 7.36                        | 1.05                         | 1.60                         |
| 2016     | 2.66          | 12                            | 13.00                    | 7.63                        | 0.99                         | 1.22                         |
| 2017     | 2.50          | 20                            | 18.00                    | 7.45                        | 0.96                         | 1.41                         |
| 2018     | 2.70          | 11                            | 29.00                    | 7.74                        | 0.54                         | 0.84                         |
| 2019     | 2.60          | 18                            | 12.00                    | 7.51                        | 0.81                         | 0.83                         |
| (budget) |               |                               |                          |                             |                              |                              |
| 2020     | 2.50          | 19                            | 11.00                    | 6.76                        | 0.96                         | 0.74                         |
| (budget) |               |                               |                          |                             |                              |                              |
| 2021     | 2.60          | 21                            | 9.00                     | 6.66                        | 1.06                         | 0.97                         |
| (budget) |               |                               |                          |                             |                              |                              |

|      | Debt ratio   | Income & Expenditure Trends       | Income & Expenditure Trends               | Income & Expenditure Trends               | Income & Expenditure Trends              |
|------|--------------|-----------------------------------|---|---|--|
|      | Debt to cash | Government Grants as % of Revenue | Employee related cost as % of expenditure | Repairs & maintenance as % of expenditure | Debt impairment cost as % of expenditure |
| 2009 | 0.79         | 15.80                             | 31.50                                     | 8.40                                      | 3.00                                     |
| 2010 | 1.15         | 18.00                             | 34.40                                     | 6.60                                      | 2.80                                     |
| 2011 | 1.40         | 25.70                             | 27.40                                     | 4.90                                      | 3.20                                     |
| 2012 | 1.72         | 14.60                             | 26.20                                     | 6.20                                      | 2.90                                     |
| 2013 | 1.70         | 16.50                             | 30.60                                     | 6.00                                      | 2.40                                     |
| 2014 | 1.30         | 15.00                             | 30.10                                     | 5.40                                      | 4.50                                     |
| 2015 | 1.19         | 15.80                             | 29.20                                     | 5.40                                      | 4.80                                     |
| 2016 | 1.12         | 15.60                             | 28.90                                     | 6.50                                      | 3.50                                     |
| 2017 | 1.00         | 15.50                             | 26.69                                     | 9.50                                      | 3.00                                     |
| 2018 | 1.00         | 16.71                             | 30.12                                     | 9.80                                      | 2.00                                     |
| 2019 | 1.22         | 16.93                             | 29.61                                     | 11.40                                     | 1.90                                     |
| 2020 | 1.41         | 18.97                             | 29.45                                     | 11.30                                     | 1.76                                     |
| 2021 | 1.41         | 19.41                             | 29.82                                     | 11.10                                     | 1.66                                     |

#### COMMENT ON FINANCIAL RATIOS

Financial sustainability refers to financial accounts that reflect sufficient revenue and adequate corporate stability to fund service delivery and performance targets, which the above ratios clearly depict.

The ratios also indicate that the Municipality's finances are very sound and show that its funds are sustainable. Grant dependency reiterates this fact with only 16,7% level of reliance on grants.

The Municipality is in a very liquid position with assets of more than double the liabilities. At year-end, the Municipality had short-term investments to the amount of R411,9 million and R 14,3 million cash and cash equivalents, which are mostly used to fund future capital expenditure, current liabilities and future employee benefits.

The employee-related costs as a percentage of total expenditure remain within the national norm of 30.1%.

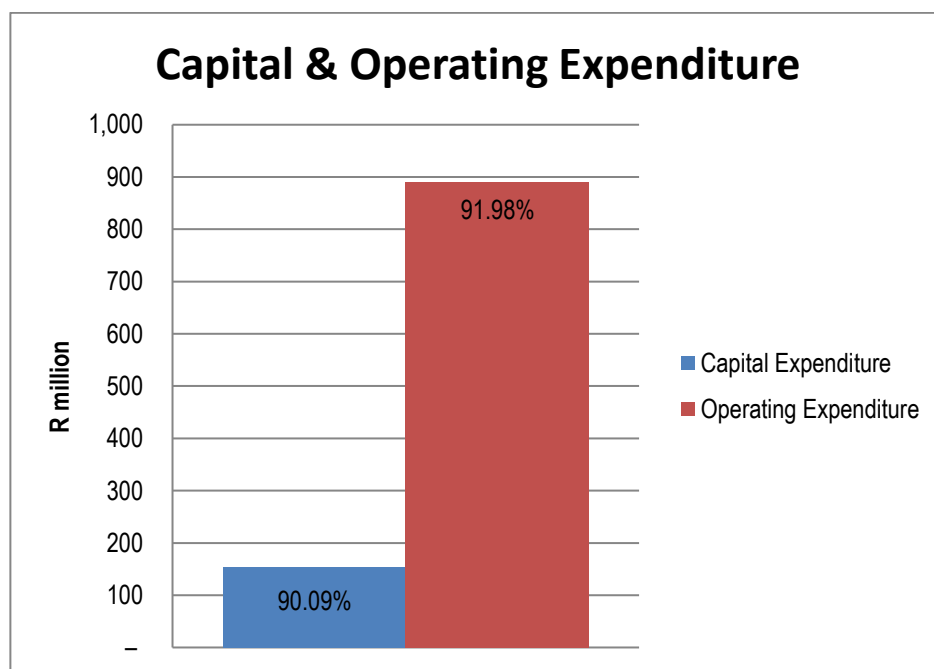
The arrear debtor collection period of 5 days after impairment, indicates that credit control measures are in place and are effective.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The expenditure on capital items amounted to R137 million, which is 90.09% of the approved budget.

The challenge for the Municipality regarding the capital budget versus actual spending is mostly due to the spending of the housing allocations.

### 5.5 CAPITAL EXPENDITURE



### 5.6 SOURCES OF FINANCE

| Capital Expenditure - Funding Sources: 2017 to 2018 |                |                            |                       |                |   |  |
|---|----------------|----------------------------|-----------------------|----------------|---|--|
| Details   | 2017<br>Actual | Original<br>Budget<br>(OB) | Adjustme<br>nt Budget | 2018<br>Actual | Adjustme<br>nt to OB<br>Variance<br>(%) | R' 000<br>Actual to<br>OB<br>Variance<br>(%) |
| Source of finance                                   |                |                            |                       |                |   |  |
| External loans                                      | 6,503          | 5,600                      | 5,600                 | 5,597          | 0.00%                                   | -0.05%                                       |
| Public contributions and donations                  | 11,646         | 1,680                      | 2,967                 | 3,490          | 76.63%                                  | 107.72%                                      |
| Grants and subsidies                                | 37,181         | 29,453                     | 43,976                | 33,261         | 49.31%                                  | 12.93%                                       |
| Other   | 89,494         | 89,552                     | 100,451               | 95,489         | 12.17%                                  | 6.63%  |
| <b>Total</b>  | <b>144,823</b> | <b>126,285</b>             | <b>152,995</b>        | <b>137,836</b> | <b>138.11%</b>                          | <b>127.22%</b>                               |

| Capital Expenditure - Funding Sources: 2017 to 2018 |                |                            |                       |                |   |                                    | R' 000 |
|---|----------------|----------------------------|-----------------------|----------------|---|------------------------------------|--------|
| Details   | 2017<br>Actual | Original<br>Budget<br>(OB) | Adjustme<br>nt Budget | 2018<br>Actual | Adjustme<br>nt to OB<br>Variance<br>(%) | Actual to<br>OB<br>Variance<br>(%) |        |
| <b>Percentage of finance</b>                        |                |                            |                       |                |   |                                    |        |
| External loans                                      | 4.5%           | 4.4%                       | 3.7%                  | 4.1%           | 0.0%                                    | 0.0%                               |        |
| Public contributions and donations                  | 8.0%           | 1.3%                       | 1.9%                  | 2.5%           | 55.5%                                   | 84.7%                              |        |
| Grants and subsidies                                | 25.7%          | 23.3%                      | 28.7%                 | 24.1%          | 35.7%                                   | 10.2%                              |        |
| Other   | 61.8%          | 70.9%                      | 65.7%                 | 69.3%          | 8.8%                                    | 5.2%                               |        |
| <b>Capital expenditure</b>                          |                |                            |                       |                |   |                                    |        |
| Water and sanitation                                | 58,774         | 55,470                     | 58,844                | 57,105         | 6.08%                                   | 2.95%                              |        |
| Electricity   | 30,988         | 25,523                     | 25,982                | 25,522         | 1.80%                                   | 0.00%                              |        |
| Housing   | 5,089          | 100                        | 15,145                | 3,865          | 15044.76%                               | 3764.96%                           |        |
| Roads and storm water                               | 22,677         | 23,869                     | 25,059                | 25,770         | 4.99%                                   | 7.97%                              |        |
| Other   | 27,296         | 21,323                     | 27,964                | 25,574         | 31.15%                                  | 19.94%                             |        |
| <b>Total</b>  | <b>144,823</b> | <b>126,285</b>             | <b>152,995</b>        | <b>137,836</b> | <b>15088.78%</b>                        | <b>3795.81%</b>                    |        |
| <b>Percentage of expenditure</b>                    |                |                            |                       |                |   |                                    |        |
| Water and sanitation                                | 40.6%          | 43.9%                      | 38.5%                 | 41.4%          | 0.0%                                    | 0.1%                               |        |
| Electricity   | 21.4%          | 20.2%                      | 17.0%                 | 18.5%          | 0.0%                                    | 0.0%                               |        |
| Housing   | 3.5%           | 0.1%                       | 9.9%                  | 2.8%           | 99.7%                                   | 99.2%                              |        |
| Roads and storm water                               | 15.7%          | 18.9%                      | 16.4%                 | 18.7%          | 0.0%                                    | 0.2%                               |        |
| Other   | 18.8%          | 16.9%                      | 18.3%                 | 18.6%          | 0.2%                                    | 0.5%                               |        |

**COMMENT ON SOURCES OF FUNDING:**

The Municipality had no overspending on Capital projects, which provide assurance on the budget control mechanisms that are in place.

The underspending on the vote of Planning and Integrated Services is due to the underspending on the housing infrastructure project.

**5.7 CAPITAL SPENDING ON 5 LARGEST PROJECT**

| CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS* |                    |                              |                       |   |                               | R' 000 |
|--|--------------------|------------------------------|-----------------------|---|-------------------------------|--------|
| Name of Project                            | Original<br>Budget | 2018<br>Adjustment<br>Budget | Actual<br>Expenditure | Variance: 2018<br>Original<br>Variance<br>(%) | Adjustment<br>variance<br>(%) |        |
| <b>Asazani/Izinyoka Infrastructure</b>     | –                  | 15,047                       | 3,767                 | -   | -                             |        |



| CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*   |                    |                              |                       |                             |                               |
|--|--------------------|------------------------------|-----------------------|-----------------------------|-------------------------------|
| Name of Project  | Original<br>Budget | 2018<br>Adjustment<br>Budget | Actual<br>Expenditure | R' 000<br>Variance: 2018    |                               |
|  |                    |                              |                       | Original<br>Variance<br>(%) | Adjustment<br>variance<br>(%) |
| <b>Upgrade of Water Supply Pipeline from Little Brak WTW to Langeberg Reservoirs</b> | 13,510             | 14,946                       | 14,935                | -11%                        | -11%                          |
| <b>Water Management Solutions</b>  | 7,161              | 7,161                        | 7,158                 | 0%                          | 0%                            |
| <b>Electrification Projects</b>  | 7,018              | 7,018                        | 7,017                 | 0%                          | 0%                            |
| <b>Extension of Essenhout Street from Louis Fourie to Bill Jeffrey</b>               | 6,657              | 6,694                        | 7,422                 | -11%                        | -1%                           |

## **COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS**

### **INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS**

Cash flow management is one of the highest priorities within the Mossel Bay Municipality as it creates the platform for sustainable service delivery.

To measure the funding of the financial position the Municipality has included in its liquidity policy a method to determine the uncommitted funds. All principles regarding GRAP needs to be implemented, to be able to measure and monitor if the liability reporting lines mentioned below can be funded with cash or near cash.

The liability reporting items are:

- Housing Development Fund
- Capital Replacement Reserve
- Employee benefits (current and non-current)
- Provisions (current and non-current)
- Consumer and other deposits (current and non-current)
- Payables from exchange transactions
- Unspent conditional grants and subsidies

## 5.8 CASH FLOW

### Cash Flow Statement

|   | Notes     | 2018<br>R            | 2017<br>R            |
|---|-----------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                   |           |                      |                      |
| <b>Receipts</b>   |           |                      |                      |
| Grants  |           | 162 895 116          | 165 240 807          |
| Interest income   |           | 35 408 542           | 33 181 136           |
| Ratepayers  |           | 698 199 190          | 648 609 945          |
| Other   |           | 62 835 992           | 72 923 372           |
|   |           | <b>959 338 840</b>   | <b>919 955 260</b>   |
| <b>Payments</b>   |           |                      |                      |
| Employee costs  |           | (265 659 478)        | (238 306 823)        |
| Suppliers   |           | (473 761 120)        | (415 185 931)        |
| Other payments  |           | (67 537 604)         | (54 622 606)         |
|   |           | <b>(806 958 202)</b> | <b>(708 115 360)</b> |
| Total receipts  |           | 959 338 840          | 919 955 260          |
| Total payments  |           | (806 958 202)        | (708 115 360)        |
| <b>Net cash flows from operating activities</b>               | <b>43</b> | <b>152 380 638</b>   | <b>211 839 900</b>   |
| <b>Cash flows from investing activities</b>                   |           |                      |                      |
| Purchase of Capital assets                                    | 3         | (136 418 111)        | (135 952 661)        |
| Proceeds from sale of property, plant and equipment           | 3         | 441 726              | 168 450              |
| Proceeds from sale of investment property                     | 4         | 2 418 826            | 1 724 735            |
| (Increase) / Decrease in Long-term Receivables                |           | 268 999              | 434 758              |
| (Increase) / Decrease in Non-current investments              |           | (12 000 000)         | (12 000 000)         |
| (Increase) / Decrease in Short term investments               |           | (46 090 183)         | (68 411 879)         |
| <b>Net cash flows from investing activities</b>               |           | <b>(191 378 743)</b> | <b>(214 036 597)</b> |
| <b>Cash flows from financing activities</b>                   |           |                      |                      |
| Proceeds / (Repayment) of other financial liabilities         |           | 2 787 612            | 3 978 263            |
| Consumer deposits   |           | 2 383 554            | 2 396 238            |
| Proceeds / (Repayment) of Finance lease liabilities           |           | (225 676)            | (366 190)            |
| Finance costs   |           | (3 131 086)          | (2 890 414)          |
| <b>Net cash flows from financing activities</b>               |           | <b>1 814 404</b>     | <b>3 117 897</b>     |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |           | <b>(37 183 701)</b>  | <b>921 200</b>       |
| Cash and cash equivalents at the beginning of the year        |           | 51 533 227           | 50 612 027           |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>15</b> | <b>14 349 526</b>    | <b>51 533 227</b>    |

#### COMMENT ON CASH FLOW OUTCOMES:

The Municipality generated a net cash decrease in cash and cash equivalents of R 37,1 million for the 2017/18 financial year, compared to a increase of R 921,200 in the previous year. The change in classification between short-term investments and cash and cash equivalents makes this difficult to compare. The short-term investments increased for the year by R46 million compared to the previous year increase of R68.4 million. The long-term investments are consistently growing by R12 million per annum.

The short and long-term investments are, however included in the investing activities that amounted to R191,3 million and cash flows from financing activities shows an outflow of R1,8 million. The later was made possible by the cash in-flow from operating activities.

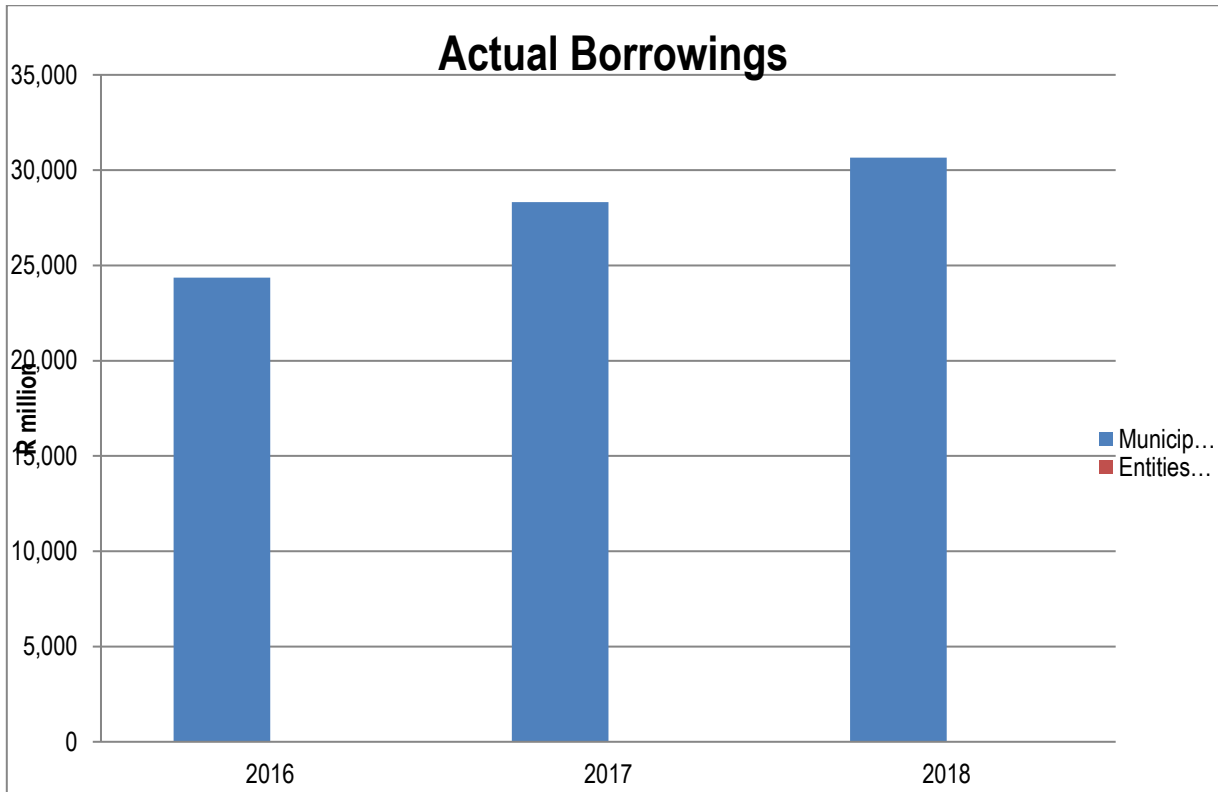
## 5.9 BORROWING AND INVESTMENTS

Council has approved a long-term financial plan, which sets out the borrowing and investment principles that the Municipality envisages over a 10-year period.

The Municipality does not rely on borrowed funds to fund its capital budget. The main funding source is the Capital Replacement Reserve, to which an annual contribution is made from operating funds.

The Municipality has a long-term investment, current investments and call deposits on hand and reviews these investments on a regular basis.

| ACTUAL BORROWINGS: 2016 TO 2018               |               |               |               |
|---|---------------|---------------|---------------|
|   |               |               | R' 000        |
| Instrument                                    | 2016          | 2017          | 2018          |
| <b>Municipality</b>                           |               |               |               |
| Long-Term Loans (annuity/reducing balance)    |               |               |               |
| Long-Term Loans (non-annuity)                 | 24166         | 28297         | 30651         |
| Local Registered Stock                        |               |               |               |
| Instalment Credit                             |               |               |               |
| Financial Leases                              | 192           | 19            | 6             |
| PPP Liabilities                               |               |               |               |
| Finance Granted by Capital Equipment Supplier |               |               |               |
| Marketable Bonds                              |               |               |               |
| Non-Marketable Bonds                          |               |               |               |
| Bankers Acceptances                           |               |               |               |
| Financial derivatives                         |               |               |               |
| Other Securities                              |               |               |               |
| <b>Municipality Total</b>                     | <b>24 358</b> | <b>28 316</b> | <b>30 657</b> |



| MUNICIPAL AND ENTITY INVESTMENTS           |                |                |                |
|--|----------------|----------------|----------------|
|  | R' 000         |                |                |
| Investment type                            | 2016<br>Actual | 2017<br>Actual | 2018<br>Actual |
| <b>Municipality</b>                        |                |                |                |
| <b>Securities - National Government</b>    |                |                |                |
| <b>Listed Corporate Bonds</b>              |                |                |                |
| <b>Deposits - Bank</b>                     | 360009         | 425146         | 452903         |
| Deposits - Public Investment Commissioners |                |                |                |
| Deposits - Corporation for Public Deposits |                |                |                |
| Bankers' Acceptance Certificates           |                |                |                |
| Negotiable Certificates of Deposit - Banks |                |                |                |
| Guaranteed Endowment Policies (sinking)    |                |                |                |
| Repurchase Agreements - Banks              |                |                |                |
| Municipal Bonds                            |                |                |                |
| Other                                      |                |                |                |
| <b>Municipality Sub-Total</b>              | 360009         | 425146         | 452903         |

#### COMMENT ON BORROWING AND INVESTMENTS:

Borrowings are made up of a R30 million loan, of which R18 million is still outstanding. The loan was taken up in the 2011/12 financial year for the partial funding of the seawater desalination plant. The rest of the loan was utilised to finance the Midbrak sewerage reticulation network.

At year end 30 June 2018, the Municipality had current investments to the value of R417 million. The Municipality also has a long-term investment that amounted to R36 million at reporting date. These investments are reviewed on a regular basis to ensure the best possible rate of return.

#### **5.10 PUBLIC PRIVATE PARTNERSHIPS**

The Mossel Bay Municipality does not have any Public Private Partnerships.

## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.11 SUPPLY CHAIN MANAGEMENT**

#### **INTRODUCTION**

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a new Supply Chain Management (SCM) Policy in terms of the Regulations in place by the start of the new financial year in July.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

#### **SCM POLICY**

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed in the 2015/2016 financial year for the 2016/2017 period. The revised Policy incorporated recommendations by the Municipality's internal auditors, the Auditor-General and directives from Provincial and National.

Council approved the revision of the Supply Chain Management Policy on 31 May 2017 (resolution number E88-05/2017) and it came into effect on 1 July 2017 for the 2017-2018 financial year.

The policy was revised again during 2017-2018 as prescribed and Council approved the revision of the Supply Chain Management Policy on 26 May 2018 (resolution number E86-05/2018) that will come into effect on 1 July 2018 for the 2018-2019 financial year.

1 April 2017 brought about changes in the Preferential Procurement Policy Framework Act that was incorporated or mentioned in the revised Policy for the 2017/2018 financial year. The inclusion of a Model Policy for the Infrastructure Procurement and Delivery Management also formed part of the new adopted policy with implementation date 1 July 2019.

#### **BID COMMITTEES**

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. The Deputy Town Treasurer; Mr. H Le Roux, is appointed as the Chairperson of the Bid Evaluation Committee and is assisted by Legal Services' Ms M. Smit as standing members of this committee.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The Bid Adjudication Committee is the only standing bid committee. The following persons presently serve permanently on the committee:

- Mr D. Asmal (Chairperson) : Chief Financial Officer

- Mr D. Naidoo (Deputy Chairperson) : Director - Technical Services
- Mr E. Jantjies : Director - Corporate Services
- Mr C. Venter : Director - Planning and Integrated Services
- Ms E. Nel : Director - Community Services
- Ms M. Jacobs : Head - Expenditure
- Mr D. Scholtz : Manager - Supply Chain Management

Various officials served from time to time as members of the Bid Adjudication Committee while they were acting in positions of officials that serve on the Bid Adjudication Committee. These officials were duly delegated to be members.

#### SCM UNIT

On 30 June 2018 there are no vacant positions currently budgeted for and on the organogram. The two vacant positions during this financial year were filled, namely Administrative Officer: Stores and Clerk: Buyer. The unit is awaiting the implementation of the new organogram in 2019 that will avail possible new positions in the unit.

#### ACCREDITED SUPPLIER DATABASE

Mossel Bay Municipality, as well as the other municipalities in the Western Cape, have now started only using the Central Supplier Database, from 1 July 2016.

#### TENDER AWARDS

A total of 141 tenders, compared to 107 the previous year, were awarded during the 2017/2018 financial year. This amount includes validity extensions from previous financial years.

#### CONCLUSION

Mossel Bay Municipality received its 6<sup>th</sup> consecutive clean audit, from the Auditor-General of South Africa and Supply Chain Management proudly contributed to that in the previous financial year 2016/2017. The 2017/2018 financial year was once again a very good year for the unit.

All SCM officials continuously make an effort to improve systems and to streamline processes and procedures, but at the same time remain compliant to all applicable legislation. The SCM unit functions very well and Mossel Bay Municipality is frequently praised at the Western Cape Provincial SCM Forum as well as on other platforms. It is considered as a leading municipality in the field of SCM and its processes is often used as “best practice” examples. Municipalities from the Northern Cape, KwaZulu-Natal, Gauteng and the Eastern Cape as well as in the Western Cape and the Eden District contact us for assistance on a regular basis.

The unit strive to enhance local economic development as far as possible with some additions to the Preferential Procurement Framework that can be used as an enabler for local procurement. This has now, however reached some stumbling blocks with the Provincial Treasury Circular 18 informing the municipality that we should refrain from utilising some of the new regulations until they can provide more clarity or until they develop an economic development model policy.



## 5.12 GRAP COMPLIANCE

### GRAP COMPLIANCE

GRAP is an acronym for **G**enerally **R**ecognised **A**ccounting **P**ractice and it prescribes the rules by which municipalities are required to maintain their financial accounts.

Successful GRAP compliance ensures that municipal accounts are comparable and more informative for the municipality.

It also ensures that the municipality is accountable to its citizens and other stakeholders and has a consistent approach. Information on GRAP compliance enables all readers to assess and compare Annual Financial Statements of municipalities, whilst it also guides Municipalities on consistent accounting practices, making comparison of Municipalities easier.

Mossel Bay Municipality follows the directives issued by the Accounting Standards Board in compiling of the 2017/2018 Annual Financial Statements.

## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

### INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

Section 45 of the Municipal Systems Act states that the results of performance measurement must be audited annually by the Auditor-General.

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2016

#### 6.1 AUDITOR-GENERAL REPORT YEAR 2017

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2017 |                       |
|---|-----------------------|
| Audit Report Status                                   | CLEAN AUDIT OUTCOME   |
| Non-Compliance Issues                                 | Remedial Action Taken |
| None  | Not Applicable        |

### COMPONENT B: AUDITOR-GENERAL OPINION 2018

#### 6.2 AUDITOR-GENERAL REPORT 2018

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2018   |   |
|---|---|
| Audit Report Status   | Unqualified with findings                             |
| Non-Compliance Issues   | Remedial Action Taken                                 |
| The annual financial statements were not submitted to the auditor-general for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.   | Remedial Actions will form part of audit action plan. |
| Some of the bid documentation for the procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 8(2) of 2017. | Remedial Actions will form part of audit action plan. |

#### COMMENT ON THE AUDITOR-GENERAL'S OPINION:

The municipality received an unqualified audit report with findings for the 2017/2018 financial year. Despite the two issues of non-compliance the Auditor-General did conclude that the financial statements presented fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora). The matters highlighted as non-compliance will be addressed in the municipality's audit action plan.

## APPENDICES

### APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE |                             |                      |                                |                               |                                |
|--|-----------------------------|----------------------|--------------------------------|-------------------------------|--------------------------------|
| Council Members  | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| Executive Mayor, Alderman H. Levendal                    | FT                          | Council Meetings     | DA                             | 100%                          | n/a                            |
| Deputy Executive Mayor, Councillor D. Kotzé              | FT                          | Council Meetings     | DA                             | 93%                           | 100%                           |
| Speaker, Alderman P. Terblanche                          | FT                          | Council Meetings     | DA                             | 100%                          | n/a                            |
| Councillor E. Baron                                      | PT                          | Council Meetings     | VF                             | 93%                           | 100%                           |
| Councillor J. C Bayman                                   | FT                          | Council Meetings     | DA                             | 93%                           | 100%                           |
| Councillor N. Bobelo                                     | PT                          | Council Meetings     | ANC                            | 80%                           | 100%                           |
| Councillor N. C Booisen                                  | FT                          | Council Meetings     | DA                             | 93%                           | 100%                           |
| Councillor J. Bruinders                                  | PT                          | Council Meetings     | ANC                            | 87%                           | 50%                            |
| Councillor W. Buda                                       | PT                          | Council Meetings     | ANC                            | 93%                           | 100%                           |
| Councillor M. de Klerk                                   | FT                          | Council Meetings     | DA                             | 87%                           | 100%                           |
| Councillor A. Dellemijn                                  | FT                          | Council Meetings     | DA                             | 100%                          | n/a                            |
| Councillor W. Fipaza                                     | PT                          | Council Meetings     | ANC                            | 73%                           | 100%                           |
| Councillor V. Fortuin                                    | FT                          | Council Meetings     | DA                             | 87%                           | 100%                           |
| Councillor M. Furness                                    | PT                          | Council Meetings     | DA                             | 100%                          | n/a                            |
| Councillor J. Gouws                                      | PT                          | Council Meetings     | ACDP                           | 80%                           | 100%                           |
| Councillor B. Groenewald                                 | PT                          | Council Meetings     | DA                             | 87%                           | 100%                           |
| Councillor A. Janse van Rensburg                         | PT                          | Council Meetings     | DA                             | 100%                          | n/a                            |
| Councillor D. Kamfer                                     | PT                          | Council Meetings     | ICOSA                          | 80%                           | 100%                           |
| Councillor M. Kannemeyer                                 | PT                          | Council Meetings     | DA                             | 100%                          | n/a                            |
| Councillor P. Lichaba                                    | PT                          | Council Meetings     | ANC                            | 87%                           | 50%                            |
| Councillor S. S Mbandezi                                 | PT                          | Council Meetings     | ANC                            | 80%                           | 66%                            |
| Councillor N. Mbolombo                                   | PT                          | Council Meetings     | ANC                            | 100%                          | n/a                            |
| Councillor E. Meyer                                      | PT                          | Council Meetings     | DA                             | 93%                           | 100%                           |
| Councillor T. Mvumvu                                     | PT                          | Council Meetings     | DA                             | 100%                          | n/a                            |
| Councillor L. Rauch                                      | PT                          | Council Meetings     | DA                             | 93%                           | 100%                           |

| <b>COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE</b> |                                    |                              |                                       |                                      |                                       |
|---|------------------------------------|------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| <b>Council Members</b>  | <b>Full Time / Part Time FT/PT</b> | <b>Committees Allocated</b>  | <b>*Ward and/or Party Represented</b> | <b>Council Meetings Attendance %</b> | <b>Apologies for non-Attendance %</b> |
| Councillor R. Ruiters   | PT                                 | Council Meetings             | DA                                    | 93%                                  | 100%                                  |
| Councillor J. Siyoko  | PT                                 | Council Meetings             | DA                                    | 73%                                  | 100%                                  |
| <b>Corporate Services Committee</b>                             |                                    |                              |                                       |                                      |                                       |
| Deputy Executive Mayor, Councillor D. Kotzé                     | FT                                 | Corporate Services Committee | DA                                    | 80%                                  | 50%                                   |
| Councillor E. Baron   | PT                                 | Corporate Services Committee | VF                                    | 60%                                  | 0%                                    |
| Councillor N. Bobelo  | PT                                 | Corporate Services Committee | ANC                                   | 70%                                  | 33%                                   |
| Councillor M. Furness   | PT                                 | Corporate Services Committee | DA                                    | 80%                                  | 100%                                  |
| Councillor B. Groenewald  | PT                                 | Corporate Services Committee | DA                                    | 70%                                  | 33%                                   |
| Councillor S. Mbandezi  | PT                                 | Corporate Services Committee | ANC                                   | 20%                                  | 25%                                   |
| Councillor L. Rauch   | PT                                 | Corporate Services Committee | DA                                    | 100%                                 | n/a                                   |
| Councillor R. Ruiters   | PT                                 | Corporate Services Committee | DA                                    | 50%                                  | 80%                                   |
| <b>Financial Services Committee</b>                             |                                    |                              |                                       |                                      |                                       |
| Councillor J. Bruinders   | PT                                 | Financial Services Committee | ANC                                   | 100%                                 | n/a                                   |
| Councillor M. de Klerk  | FT                                 | Financial Services Committee | DA                                    | 90%                                  | 100%                                  |
| Councillor M. Furness   | PT                                 | Financial Services Committee | DA                                    | 90%                                  | 100%                                  |
| Councillor J. Gouws   | PT                                 | Financial Services Committee | ACDP                                  | 50%                                  | 60%                                   |
| Councillor A. Janse van Rensburg                                | PT                                 | Financial Services Committee | DA                                    | 90%                                  | 100%                                  |
| Councillor S. Mbandezi  | PT                                 | Financial Services Committee | ANC                                   | 50%                                  | 40%                                   |
| Councillor E. Meyer   | PT                                 | Financial Services Committee | DA                                    | 60%                                  | 75%                                   |
| Councillor L. Rauch   | PT                                 | Financial Services Committee | DA                                    | 100%                                 | n/a                                   |
| <b>Technical Services Committee</b>                             |                                    |                              |                                       |                                      |                                       |
| Councillor W. Buda  | PT                                 | Technical Services Committee | ANC                                   | 80%                                  | 50%                                   |
| Councillor A. Dellelijn   | FT                                 | Technical Services Committee | DA                                    | 90%                                  | 100%                                  |
| Councillor W. Fipaza  | PT                                 | Technical Services Committee | ANC                                   | 100%                                 | n/a                                   |

| <b>COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE</b> |                                    |                                 |                                       |                                      |                                       |
|---|------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| <b>Council Members</b>  | <b>Full Time / Part Time FT/PT</b> | <b>Committees Allocated</b>     | <b>*Ward and/or Party Represented</b> | <b>Council Meetings Attendance %</b> | <b>Apologies for non-Attendance %</b> |
| Councillor J. Gouws   | PT                                 | Technical Services Committee    | ACDP                                  | 60%                                  | 100%                                  |
| Councillor A. Janse van Rensburg                                | PT                                 | Technical Services Committee    | DA                                    | 90%                                  | 100%                                  |
| Councillor M Kannemeyer   | PT                                 | Technical Services Committee    | DA                                    | 90%                                  | 100%                                  |
| Councillor L Rauch  | PT                                 | Technical Services Committee    | DA                                    | 90%                                  | 0%                                    |
| Councillor R Ruiters  | PT                                 | Technical Services Committee    | DA                                    | 50%                                  | 100%                                  |
| <b>Social, Economic Development and Tourism</b>                 |                                    |                                 |                                       |                                      |                                       |
| Councillor V. Fortuin   | FT                                 | Social & Economic Dev & Tourism | DA                                    | 80%                                  | 100%                                  |
| Councillor M. Furness   | PT                                 | Social & Economic Dev & Tourism | DA                                    | 90%                                  | 100%                                  |
| Councillor D. Kamfer  | PT                                 | Social & Economic Dev & Tourism | ICOSA                                 | 60%                                  | 25%                                   |
| Councillor M. Kannemeyer  | PT                                 | Social & Economic Dev & Tourism | DA                                    | 100%                                 | n/a                                   |
| Councillor P. Lichaba   | PT                                 | Social & Economic Dev & Tourism | ANC                                   | 100%                                 | n/a                                   |
| Councillor N. Mbolombo  | PT                                 | Social & Economic Dev & Tourism | ANC                                   | 100%                                 | n/a                                   |
| Councillor E. Meyer   | PT                                 | Social & Economic Dev & Tourism | DA                                    | 60%                                  | 75%                                   |
| Councillor J. Siyoko  | PT                                 | Social & Economic Dev & Tourism | DA                                    | 80%                                  | 50%                                   |
| <b>Community Services Committee</b>                             |                                    |                                 |                                       |                                      |                                       |
| Councillor N. Bobelo  | PT                                 | Community Services Committee    | ANC                                   | 70%                                  | 33%                                   |
| Councillor N. Booisen   | FT                                 | Community Services Committee    | DA                                    | 100%                                 | n/a                                   |
| Councillor W. Buda  | PT                                 | Community Services Committee    | ANC                                   | 80%                                  | 50%                                   |
| Councillor A. Janse van Rensburg                                | PT                                 | Community Services Committee    | DA                                    | 90%                                  | 100%                                  |
| Councillor D. Kamfer  | PT                                 | Community Services Committee    | ICOSA                                 | 60%                                  | 25%                                   |
| Councillor M. Kannemeyer  | PT                                 | Community Services Committee    | DA                                    | 90%                                  | 100%                                  |
| Councillor T. Mvumvu  | PT                                 | Community Services Committee    | DA                                    | 100%                                 | n/a                                   |
| Councillor R. Ruiters   | PT                                 | Community Services Committee    | DA                                    | 50%                                  | 100%                                  |

| <b>COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE</b> |                                    |                                |                                       |                                      |                                       |
|---|------------------------------------|--------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| <b>Council Members</b>  | <b>Full Time / Part Time FT/PT</b> | <b>Committees Allocated</b>    | <b>*Ward and/or Party Represented</b> | <b>Council Meetings Attendance %</b> | <b>Apologies for non-Attendance %</b> |
| <b>Planning and Integrated Services</b>                         |                                    |                                |                                       |                                      |                                       |
| Councillor J. Bayman  | FT                                 | Planning & Integrated Services | DA                                    | 90%                                  | 100%                                  |
| Councillor J. Bruinders   | PT                                 | Planning & Integrated Services | ANC                                   | 90%                                  | 100%                                  |
| Councillor J. Gouws   | PT                                 | Planning & Integrated Services | ACDP                                  | 60%                                  | 100%                                  |
| Councillor B. Groenewald  | PT                                 | Planning & Integrated Services | DA                                    | 80%                                  | 100%                                  |
| Councillor M. Kannemeyer  | PT                                 | Planning & Integrated Services | DA                                    | 90%                                  | 100%                                  |
| Councillor P. Lichaba   | PT                                 | Planning & Integrated Services | ANC                                   | 100%                                 | n/a                                   |
| Councillor T. Mvumvu  | PT                                 | Planning & Integrated Services | DA                                    | 100%                                 | n/a                                   |
| Councillor L. Rauch   | PT                                 | Planning & Integrated Services | DA                                    | 100%                                 | n/a                                   |
| <b>Oversight</b>  |                                    |                                |                                       |                                      |                                       |
| Councillor E. Baron   | PT                                 | Oversight                      | VF                                    | 100%                                 | n/a                                   |
| Councillor J. Bruinders   | PT                                 | Oversight                      | ANC                                   | 0%                                   | 0%                                    |
| Councillor M. Furness   | PT                                 | Oversight                      | DA                                    | 100%                                 | n/a                                   |
| Councillor J. Gouws   | PT                                 | Oversight                      | ACDP                                  | 100%                                 | n/a                                   |
| Councillor B. Groenewald  | PT                                 | Oversight                      | DA                                    | 50%                                  | 50%                                   |
| Councillor A. Janse van Rensburg                                | PT                                 | Oversight                      | DA                                    | 50%                                  | 50%                                   |
| Councillor D. Kamfer  | PT                                 | Oversight                      | ICOSA                                 | 0%                                   | 0%                                    |
| Councillor M. Kannemeyer  | PT                                 | Oversight                      | DA                                    | 100%                                 | n/a                                   |
| Councillor J. Siyoko  | PT                                 | Oversight                      | DA                                    | 50%                                  | 50%                                   |
| <b>Water Losses</b>   |                                    |                                |                                       |                                      |                                       |
| Executive Mayor, Alderman H. Levendal                           | FT                                 | Water Losses                   | DA                                    | 50%                                  | 50%                                   |
| Deputy Executive Mayor, Councillor D. Kotzé                     | FT                                 | Water Losses                   | DA                                    | 100%                                 | n/a                                   |
| Speaker, Alderman P. Terblanche                                 | FT                                 | Water Losses                   | DA                                    | 100%                                 | n/a                                   |
| Councillor J. Bayman  | FT                                 | Water Losses                   | DA                                    | 50%                                  | 50%                                   |
| Councillor N. Booisen   | FT                                 | Water Losses                   | DA                                    | 50%                                  | 50%                                   |
| Councillor M. de Klerk  | FT                                 | Water Losses                   | DA                                    | 50%                                  | 50%                                   |
| Councillor A. Dellelijn   | FT                                 | Water Losses                   | DA                                    | 50%                                  | 0%                                    |

| COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE |                             |                      |                                |                               |                                |
|--|-----------------------------|----------------------|--------------------------------|-------------------------------|--------------------------------|
| Council Members  | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| Councillor V. Fortuin                                    | FT                          | Water Losses         | DA                             | 0%                            | 50%                            |
| <b>Entrepreneurs Forum</b>                               |                             |                      |                                |                               |                                |
| Executive Mayor, Alderman H. Levendal                    | FT                          | Entrepreneurs Forum  | DA                             | 50%                           | 0%                             |
| Deputy Executive Mayor, Councillor D. Kotzé              | FT                          | Entrepreneurs Forum  | DA                             | 50%                           | 50%                            |
| Speaker, Alderman P. Terblanche                          | FT                          | Entrepreneurs Forum  | DA                             | 100%                          | n/a                            |
| Councillor J. Bayman                                     | FT                          | Entrepreneurs Forum  | DA                             | 0%                            | 0%                             |
| Councillor N. Booisen                                    | FT                          | Entrepreneurs Forum  | DA                             | 50%                           | 0%                             |
| Councillor M. de Klerk                                   | FT                          | Entrepreneurs Forum  | DA                             | 100%                          | n/a                            |
| Councillor A. Dellelijn                                  | FT                          | Entrepreneurs Forum  | DA                             | 100%                          | n/a                            |
| Councillor V. Fortuin                                    | FT                          | Entrepreneurs Forum  | DA                             | 100%                          | n/a                            |

## **APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES**

| <b>COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES</b> |                             |
|---|-----------------------------|
| <b>Municipal Committees</b>   | <b>Purpose of Committee</b> |
| Financial Services Committee  |                             |
| Planning and Integrated Services Committee  |                             |
| Technical Services Committee  |                             |
| Community Services Committee  |                             |
| Corporate- and Governance Services Committee  |                             |
| Socio-Economic Development and Tourism Committee  |                             |



## **APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE**

| <b>THIRD TIER STRUCTURE</b>    |  |
|--------------------------------|--|
| <b>Directorate</b>             | <b>Director/Manager (State title and name)</b> |
| Financial Services             | Mr D. Asmal                                    |
| Corporate Services             | Mr E. Jantjies                                 |
| Technical Services             | Mr D. Naidoo                                   |
| Planning & Integrated Services | Mr C. Venter                                   |
| Community Services             | Ms E. Nel                                      |

## **APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY**

The Mossel Bay Municipality does not have any entities.

## APPENDIX E – WARD REPORTING

| FUNCTIONALITY OF WARD COMMITTEES |  |                                  |   |  |   |
|----------------------------------|--|----------------------------------|---|--|---|
| Ward Number                      | Name of Ward Councillor and elected Ward committee members   | Committee established (Yes / No) | Number of quarterly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public Ward meetings held during year |
| 1                                | <b>Councillor P Lichaba</b><br>Yoliswa Magusha<br>Mbulelo Nonkumbi<br>Nomajuda Manana<br>Thandokazi Maloyi<br>Abongile Helem<br>Nomonde Busakwe<br>Charles Yawa<br>Mbhalelwa Dube-Dube<br>Sibabalo Dubula<br>Thozama Malusi        | Yes                              | 4   | 4  | 0   |
| 2                                | <b>Councillor N Mbolompo</b><br>Sandi Gotyana<br>Matheus Ngcana<br>Chantal Jantjies<br>Samson Nase<br>Nomazwe Wright<br>Nomandithini Mabi<br>Eunice George<br>Marinda Gxowa<br>Madelein Gentswana<br>Noluthando Mbovane            | Yes                              | 4   | 4  | 0   |
| 3                                | <b>Councillor W Fipaza</b><br>Nomasithini Zenani<br>Thembaletu Faku<br>Sithembiso Kakaza<br>Mandisa Mhla<br>Mzwandile Mkhonto<br>Nompumezo Nkasela<br>Vulindlela Matiwane<br>Mandisa Yali<br>Nonyameko Mnyaka<br>Nonkoliseko Mjacu | Yes                              | 4   | 4  | 0   |
| 4                                | <b>Councillor A Janse van Rensburg</b><br>Johannes Cook<br>Gertruida Jooste<br>Christiaan Potgieter<br>Joseph Pieterse<br>Pieter Le Roux<br>Elsabe Malan-Barnard   | Yes                              | 4   | 4  | 1   |

| FUNCTIONALITY OF WARD COMMITTEES |   |                                  |   |  |   |
|----------------------------------|---|----------------------------------|---|--|---|
| Ward Number                      | Name of Ward Councillor and elected Ward committee members  | Committee established (Yes / No) | Number of quarterly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public Ward meetings held during year |
|                                  | Elisabeth Moolman<br>Anna Ruiters   |                                  |   |  |   |
| 5                                | <b>Councillor A Dellemijn</b><br>Helgaard Müller<br>Daniel Smith<br>George Nezar<br>Johann Muller<br>Andries Radley<br>Annemarie Dellemijn<br>Donovan Claassen<br>Michel Ehrman<br>Anna Gerber          | Yes                              | 4   | 4  | 0   |
| 6                                | <b>Councillor M Furness</b><br>Nomabhaca Mengezeleli<br>Tertuis Coetzer<br>Nomsa Matiso<br>Jan Viljoen<br>Peggy Roux<br>William Benn<br>Ria Van Wyk<br>Nicolaas Lodewyks<br>Catharina Eigelaar          | Yes                              | 4   | 4  | 0   |
| 7                                | <b>Councillor B Groenewald</b><br>Jacob Motloung<br>Wendy Koetzee<br>Frits Nortje<br>Aubrey Karelse<br>Hendrik Floors<br>Corry Brits<br>Freddie Geyer<br>Shunè Plato<br>Norman Macbean<br>Jasmene James | Yes                              | 4   | 4  | 0   |
| 8                                | <b>Councillor D Kotzé</b><br>Lodewyk Coetzee<br>Maria Thomatos<br>Denise Lloyd<br>Leon van Dyk<br>Hennie Neuhoff<br>Elsa Lamb<br>Schalk van Vuuren<br>Susan Zaayman                                     | Yes                              | 4   | 4  | 0   |
| 9                                | <b>Councillor E Meyer</b><br>Stefaans Grootboom   | Yes                              | 4   | 4  | 0   |

| Ward Number | FUNCTIONALITY OF WARD COMMITTEES  |                                  |   |  |   |
|-------------|---|----------------------------------|---|--|---|
|             | Name of Ward Councillor and elected Ward committee members  | Committee established (Yes / No) | Number of quarterly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public Ward meetings held during year |
|             | James Malgas<br>Betram Sampson<br>Catherine Bhana<br>Rosina Prins<br>Mathilda Kleinbooi<br>Charles Hendricks<br>Clinton September<br>Stephen October<br>Cornelia Erasmus  |                                  |   |  |   |
| 10          | <b>Councillor P Terblanche</b><br>Anette Ferreira<br>Marthinus Botha<br>Johannes Coetsee<br>Werner Neuhoff<br>Matthys Nothnagel<br>Pieter Oberholzer<br>Andries du Toit<br>Casper Krüger<br>Eliza Enslin<br>Mornay Beukes | Yes                              | 4   | 4  | 0   |
| 11          | <b>Councillor M de Klerk</b><br>Nosiphiwo Mngese<br>Nolusindiso Paka<br>Noluthando Moile<br>Cornelia Cameron<br>Colleen Putter<br>Marius van Wyk<br>Nickey Le Roux<br>Janetta Marais<br>Reneë van der Merwe               | Yes                              | 3   | 3  | 0   |
| 12          | <b>Councillor W Buda</b><br>Renay Robertson<br>Xolelwa Mavili<br>Bafana Ndanda<br>Nokubonga Mkwane<br>Mziyanda Mkhohlo<br>Maggie Welman<br>Zolelwa Butie<br>Sipho Bonile<br>Zwelinjani Matwa<br>Nomakholwa Mdeleleni      | Yes                              | 4   | 4  | 0   |
| 13          | <b>Councillor R Ruiters</b><br>Petronella Plato<br>Lorraine Arrison   | Yes                              | 4   | 4  | 0   |

| Ward Number | FUNCTIONALITY OF WARD COMMITTEES   |                                  |   |  |   |
|-------------|--|----------------------------------|---|--|---|
|             | Name of Ward Councillor and elected Ward committee members   | Committee established (Yes / No) | Number of quarterly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public Ward meetings held during year |
|             | Lynette Wesso<br>Margaret Hermanus<br>Cathleen McCarthy<br>Regina Petersen<br>Elaine Botha<br>Jack Lee<br>Phathiswa Nabela-Silwana<br>Dipuo Seretsi                                  |                                  |   |  |   |
| 14          | <b>Councillor J C Bayman</b><br>Martin Draai<br>Colleen Kawie<br>Isak Wildskut<br>Basil Meyer<br>Andries Pikaan<br>Richard Wesso<br>Eric Scott<br>Dancel Josephs<br>Ricardo Pieterse | Yes                              | 4   | 4  | 0   |

## **APPENDIX F – WARD INFORMATION**

See Appendix N and Appendix O.

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2018

| NR. | DATE OF MEETING  | ITEM NR. | ITEM   | RESOLUTION  | STATUS AS AT 1 JUNE 2018 |
|-----|------------------|----------|--|---|--------------------------|
| 1   | 30 August 2017   | 7.1      | Review of the draft Annual Financial Statements for the financial year ending 30 June 2017 | i) That cognisance be taken of the review of the draft Annual Financial Statements for the financial year ending 30 June 2017;<br>ii) That the final audited set of AFS, together with the Audit Report of the Auditor-General, be submitted to the next Audit Committee meeting.                           | Completed                |
| 2   | 30 August 2017   | 7.2      | Evaluation of the Audit Committee  | That the answers are still outstanding but when received, a full report will be drawn up and feedback will be given at the next meeting.  | Completed                |
| 3   | 28 November 2017 | 6.3      | Internal Audit   | That the progress on the implementation of EPWP findings as included in the internal audit quarterly reports be submitted to the Audit Committee and that the status of the EPWP be corrected   | Completed                |
| 4   | 28 November 2017 | 7.1      | Review of the draft audit report and final management report of the AG                     | 1. That cognisance is taken of the audited Annual Financial Statements for the financial year ending 30 June 2017, as well as the draft audit report and final management report of the Auditor-General.<br>2. That the final audited set of Annual Financial Statements, together with Audit Report of the | Completed                |



| NR. | DATE OF MEETING  | ITEM NR. | ITEM  | RESOLUTION  | STATUS AS AT 1 JUNE 2018                 |
|-----|------------------|----------|---|---|--|
|     |                  |          |   | Auditor-General, be submitted to the next Audit Committee meeting.  |  |
| 5   | 28 November 2017 | 7.3      | Audited AFS                                   | That the audited AFS for the financial year ending 30 June 2017 are accepted  | Completed                                |
| 6   | 28 November 2017 | 7.3      | Audit Committee: Reporting                    | That changes to the AC Annual Report be submitted the Chairperson by 29 November 2017 where after it will be forwarded to Mr C. Puren   | Completed                                |
| 7   | 28 November 2017 | 7.4      | General                                       | Mr N. van Wyk requested that the minutes of the Risk and Audit Committee meetings be available to the members as soon as possible so that corrections, if any, can be made.                 | In progress                              |
| 8   | 13 March 2018    | 6.3      | Internal Audit                                | That the rolling three-year risk-based strategic internal audit plan, as well as the Operational Internal Audit Plan for the year ending 31 December 2018 be approved.                      | Completed                                |
| 9   | 13 March 2018    | 7.1      | Training & Induction: Audit Committee Members | That the training to the Audit Committee members be held on 10 or 17 May 2018 from 09:00 – 13:00. Ms A. Badenhorst will confirm the date and the content thereof at a later stage.          | Completed. Training held on 22 May 2018. |
| 10  | 13 March 2018    | 7.4      | General: Audit Committee members              | Audit Committee members will be allocated the following portfolios:<br>Performance Management – Mr A Dippenaar<br>Fraud & Risk Committee: Mr N van Wyk<br>Financial Statements: Mr A Mokoka | Done                                     |
| 11  | 1 June 2018      | 6.2      | Financial Status Report                       | That the Financial Status Report that is relevant to the Audit Committee, be distributed to members   | Continuously                             |

| NR. | DATE OF MEETING | ITEM NR. | ITEM                                  | RESOLUTION   | STATUS AS AT 1 JUNE 2018                                       |
|-----|-----------------|----------|---------------------------------------|--|--|
|     |                 |          |                                       | when tabled before Council.  |  |
| 12  | 1 June 2018     | 7.2      | Audit Committee: Reporting to Council | That as soon as the Report is done, it be distributed to the Audit Committee Members and be referred to Council. | Completed- bi-annual report submitted to Council: 28 June 2018 |

## APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

| Long Term Contracts   |  |                              |                               |                       |
|---|--|------------------------------|-------------------------------|-----------------------|
| Name of Service Provider<br>(Entity or Municipal<br>Department) | Description of Services<br>Rendered by the Service<br>Provider | Start<br>Date of<br>Contract | Expiry<br>date of<br>Contract | Project<br>manager    |
| <b>Sevenstone Investments</b>                                   | Lease of building to<br>Municipality                           | 1-Nov-15                     | 9 years<br>and 11<br>months   | C Venter              |
| <b>Colosseum Hotel<br/>Management Company (Pty)<br/>Ltd</b>     | Lease of Santos and De<br>Bakke Chalets and<br>Resorts         | 18-Nov-<br>15                | 30 years                      | C Venter / N<br>Prins |
| <b>Digicore Fleet Management<br/>Services (Pty) Ltd</b>         | Tracking system in<br>municipal fleet                          | 1-Jul-16                     | 30-Jun-21                     | D Zwegelaar           |
| <b>Ignite Advisory Services (Pty)<br/>Ltd</b>                   | Ignite system in<br>municipality                               | 1-Jul-16                     | 30-Jun-21                     | E Jantjies            |

## **APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE**

The Municipality does not have any entities.

## **APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST**

Not Applicable

## APPENDIX K REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (I) REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Collection Performance by Vote |                |                 |                 |                |                 |                    |
|--|----------------|-----------------|-----------------|----------------|-----------------|--------------------|
| Vote Description                       | 2017           |                 | Current: 2018   |                | 2018 Variance   |                    |
|  | Actual         | Original Budget | Adjusted Budget | Actual         | Original Budget | Adjustments Budget |
| MUNICIPAL MANAGER                      | 21,312         | 15,847          | 18,480          | 22,877         | 31%             | 19%                |
| CORPORATE SERVICES                     | 10,648         | 2,553           | 3,416           | 3,354          | 24%             | -2%                |
| FINANCIAL SERVICES                     | 144,360        | 145,752         | 152,106         | 156,755        | 7%              | 3%                 |
| TECHNICAL SERVICES                     | 190,601        | 195,695         | 198,131         | 202,434        | 3%              | 2%                 |
| COMMUNITY SERVICES                     | 110,064        | 116,060         | 87,403          | 100,833        | -15%            | 13%                |
| ELECTRICITY SERVICES                   | 411,722        | 425,281         | 426,360         | 427,690        | 1%              | 0%                 |
| TOWN PLANNING & BUILDING CONTROL       | 48,007         | 49,914          | 94,686          | 67,831         | 26%             | -40%               |
| <b>Total Revenue by Vote</b>           | <b>936,715</b> | <b>951,102</b>  | <b>980,582</b>  | <b>981,774</b> | <b>3%</b>       | <b>0%</b>          |

### APPENDIX K (II) REVENUE COLLECTION PERFORMANCE BY SOURCE

| Revenue Collection Performance by Source                   |         |                 |                    |         |                 |                    |
|--|---------|-----------------|--------------------|---------|-----------------|--------------------|
| Description  | 2017    |                 | Current: 2018      |         | 2018 Variance   |                    |
|  | Actual  | Original Budget | Adjustments Budget | Actual  | Original Budget | Adjustments Budget |
| <b>Property rates</b>                                      | 104,137 | 108,476         | 108,781            | 111,524 | 3%              | 2%                 |
| <b>Property rates - penalties &amp; collection charges</b> |         |                 |                    |         |                 |                    |
| <b>Service Charges - electricity revenue</b>               | 366,295 | 377,569         | 378,550            | 386,042 | 2%              | 2%                 |
| <b>Service Charges - water revenue</b>                     | 108,372 | 111,113         | 110,993            | 114,427 | 3%              | 3%                 |
| <b>Service Charges - sanitation revenue</b>                | 53,541  | 57,815          | 59,743             | 57,241  | -1%             | -4%                |
| <b>Service Charges - refuse revenue</b>                    | 37,592  | 42,727          | 44,268             | 44,291  | 4%              | 0%                 |
| <b>Service Charges - other</b>                             |         |                 |                    |         |                 |                    |
| <b>Rentals of facilities and equipment</b>                 | 4,911   | 5,119           | 5,084              | 5,079   | -1%             | 0%                 |
| <b>Interest earned - external investments</b>              | 35,094  | 32,700          | 37,259             | 38,603  | 15%             | 3%                 |
| <b>Interest earned - outstanding debtors</b>               | 1,635   | 1,684           | 1,584              | 1,723   | 2%              | 8%                 |
| <b>Dividends received</b>                                  |         |                 |                    |         |                 |                    |
| <b>Fines</b>   | 31,999  | 37,803          | 4,924              | 13,659  | -177%           | 64%                |

| Revenue Collection Performance by Source                             |                |                    |                           |                |                    |                           |
|--|----------------|--------------------|---------------------------|----------------|--------------------|---------------------------|
| Description  | 2017<br>Actual | Current: 2018      |                           | Actual         | 2018 Variance      |                           |
|  |                | Original<br>Budget | Adjustm<br>ents<br>Budget |                | Original<br>Budget | Adjustm<br>ents<br>Budget |
| <b>Licenses and permits</b>  | 1,195          | 1,076              | 1,231                     | 1,300          | 17%                | 5%                        |
| <b>Agency services</b>   | 5,372          | 5,016              | 5,751                     | 6,053          | 17%                | 5%                        |
| <b>Transfers recognised - operational</b>                            | 103,975        | 117,075            | 143,698                   | 126,175        | 7%                 | -14%                      |
| <b>Other revenue</b>   | 28,652         | 18,992             | 26,680                    | 35,264         | 46%                | 24%                       |
| <b>Gains on disposal of PPE</b>                                      | 537            |                    |                           |                |                    |                           |
| <b>Environmental Protection</b>                                      |                |                    |                           |                |                    |                           |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>883,310</b> | <b>917,165</b>     | <b>928,546</b>            | <b>941,382</b> | <b>2.57%</b>       | <b>1.36%</b>              |

## APPENDIX L CONDITIONAL GRANT RECEIVED: EXCLUDING MIG

| Conditional Grants: excluding MIG                            |         |                       |         |                    |                       |
|--|---------|-----------------------|---------|--------------------|-----------------------|
| Details  | Budget  | Adjustments<br>Budget | Actual  | R' 000<br>Variance |                       |
|  |         |                       |         | Budget             | Adjustments<br>Budget |
| <u>Operating expenditure of Transfers and Grants</u>         |         |                       |         |                    |                       |
| Local Government Equitable Share                             | 78,472  | 78,472                | 78,432  | 0%                 | 0%                    |
| Finance Management grant                                     | 1,550   | 1,550                 | 1,550   | 0%                 | 0%                    |
| Expanded Public Works Programme Integrated Grant             | 2,291   | 2,291                 | 2,079   | 10%                | 10%                   |
| Housing  | 25,500  | 51,495                | 34,183  | -25%               | 51%                   |
| Community Development Workers                                | 933     | 56                    | 56      | 1566%              | 0%                    |
| Library Services   | 7,848   | 7,848                 | 7,818   | 0%                 | 0%                    |
| Subsidy - Housing Emergency Kits                             | 180     | 559                   | 93      | 94%                | 501%                  |
| Local Government Graduate Internship Grant                   |         | 106                   | 59      |                    |                       |
| Maintenance & Construction of Transport Infrastructure Grant | 60      | 800                   | 800     | -93%               | 0%                    |
| Financial Management Support Grant                           |         | 280                   | 280     |                    |                       |
| Financial Management Capacity Building Grant                 | 240     | 240                   | 240     |                    |                       |
| Interactive Community Access Network Grant                   |         |                       |         |                    |                       |
| Other Specify:   |         |                       |         |                    |                       |
| Disaster Recovery Rehabilitation Funds                       |         |                       |         | -                  | -                     |
| SETA   |         |                       | 586     | -100%              | -100%                 |
| <u>Capital expenditure of Transfers and Grants</u>           |         |                       |         |                    |                       |
| National Electrification Programme                           | 8,000   | 8,000                 | 8,000   | 0%                 | 0%                    |
| RSEP / VPUU grant  | 123     | 1,500                 | 675     |                    |                       |
| Housing (Cap)  |         | 15,047                | 3,767   | -100%              | 299%                  |
| Development of Sport and Recreation Facilities Grant         | 200     | 200                   | 195     | 3%                 | 3%                    |
| Library Services Conditional Grant                           |         | 10                    | 10      | -100%              | 0%                    |
| Fire Services Grant  | 800     | 800                   | 800     | 0%                 | 0%                    |
| Other Specify:   |         |                       |         |                    |                       |
| Disaster Recovery Rehabilitation Funds (Cap)                 |         |                       |         | -                  | -                     |
|  |         |                       |         |                    |                       |
| Total  | 126,197 | 169,254               | 139,622 |                    |                       |

## APPENDIX M CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (I) CAPITAL EXPENDITURE - NEW ASSET PROGRAMME

| Description   | Capital Expenditure - New Assets Programme*     |                    |               |               |               |               |
|---|---|--------------------|---------------|---------------|---------------|---------------|
|   | Budget<br>Year<br>2017/18<br>Original<br>Budget | Adjusted<br>Budget | YTD<br>actual | 2018/19       | 2019/20       | 2020/21       |
| R thousands   |   |                    |               |               |               |               |
| <u>Capital expenditure on new assets by Asset Class/Sub-class</u> |   |                    |               |               |               |               |
| -   |   |                    |               |               |               |               |
| <b>Infrastructure</b>   | <b>29,449</b>                                   | <b>45,642</b>      | <b>34,142</b> | <b>38,497</b> | <b>47,065</b> | <b>39,405</b> |
| <b>Roads Infrastructure</b>                                       | <b>10,402</b>                                   | <b>15,876</b>      | <b>12,804</b> | <b>11,602</b> | <b>7,472</b>  | <b>9,657</b>  |
| <i>Roads</i>  | 210   | 313                | 320           | 425           | –             | –             |
| <i>Road Structures</i>  | 1,415   | 6,645              | 2,945         | 4,307         | 3,022         | 5,157         |
| <i>Road Furniture</i>   | 8,777   | 8,919              | 9,540         | 6,870         | 4,450         | 4,500         |
| <i>Capital Spares</i>   | –   | –                  | –             | –             | –             | –             |
| <b>Storm water Infrastructure</b>                                 | <b>850</b>                                      | <b>858</b>         | <b>878</b>    | <b>1,460</b>  | <b>2,000</b>  | <b>–</b>      |
| <i>Drainage Collection</i>  | –   | –                  | –             | –             | –             | –             |
| <i>Storm water Conveyance</i>                                     | 850   | 858                | 878           | 1,460         | 2,000         | –             |
| <i>Attenuation</i>  | –   | –                  | –             | –             | –             | –             |
| <b>Electrical Infrastructure</b>                                  | <b>9,678</b>                                    | <b>10,343</b>      | <b>9,727</b>  | <b>7,517</b>  | <b>16,693</b> | <b>13,348</b> |
| <i>Power Plants</i>   | 9,018   | 9,638              | 8,936         | 7,217         | 15,193        | 10,348        |
| <i>HV Substations</i>   | –   | 195                | 195           | –             | –             | –             |
| <i>HV Switching Station</i>                                       | –   | –                  | –             | –             | –             | –             |
| <i>HV Transmission Conductors</i>                                 | –   | –                  | –             | –             | –             | –             |
| <i>MV Substations</i>   | –   | 0                  | 0             | –             | –             | –             |
| <i>MV Switching Stations</i>                                      | –   | –                  | –             | –             | –             | –             |
| <i>MV Networks</i>  | –   | –                  | –             | 300           | 1,500         | 3,000         |
| <i>LV Networks</i>  | 100   | 100                | 83            | –             | –             | –             |
| <i>Capital Spares</i>   | 560   | 410                | 512           | –             | –             | –             |
| <b>Water Supply Infrastructure</b>                                | <b>2,539</b>                                    | <b>12,654</b>      | <b>3,562</b>  | <b>3,403</b>  | <b>850</b>    | <b>1,750</b>  |
| <i>Dams and Weirs</i>   | –   | –                  | –             | –             | –             | –             |
| <i>Boreholes</i>  | 200   | 100                | –             | –             | –             | –             |
| <i>Reservoirs</i>   | –   | –                  | –             | –             | –             | 750           |
| <i>Pump Stations</i>  | –   | –                  | –             | –             | –             | –             |
| <i>Water Treatment Works</i>                                      | 500   | 5,968              | 1,039         | –             | –             | –             |
| <i>Bulk Mains</i>   | 1,500   | 6,142              | 2,428         | 2,450         | 200           | 500           |
| <i>Distribution</i>   | 339   | 445                | 86            | 953           | 500           | 500           |
| <i>Distribution Points</i>  | –   | –                  | –             | –             | –             | –             |
| <i>PRV Stations</i>   | –   | –                  | –             | –             | –             | –             |
| <i>Capital Spares</i>   | –   | –                  | 9             | –             | 150           | –             |
| <b>Sanitation Infrastructure</b>                                  | <b>5,980</b>                                    | <b>5,910</b>       | <b>7,172</b>  | <b>13,015</b> | <b>19,050</b> | <b>14,150</b> |
| <i>Pump Station</i>   | 200   | –                  | –             | 1,100         | 1,500         | –             |
| <i>Reticulation</i>   | 5,600   | 5,600              | 5,651         | 11,235        | 16,000        | 12,300        |
| <i>Waste Water Treatment Works</i>                                | 180   | 310                | 1,520         | 180           | 450           | 750           |
| <i>Outfall Sewers</i>   | –   | –                  | –             | –             | –             | –             |
| <i>Toilet Facilities</i>  | –   | –                  | –             | –             | –             | –             |
| <i>Capital Spares</i>   | –   | –                  | –             | 500           | 1,100         | 1,100         |
| <b>Solid Waste Infrastructure</b>                                 | <b>–</b>  | <b>–</b>           | <b>–</b>      | <b>1,500</b>  | <b>1,000</b>  | <b>500</b>    |
| <i>Landfill Sites</i>   | –   | –                  | –             | –             | –             | –             |
| <i>Waste Transfer Stations</i>                                    | –   | –                  | –             | 1,500         | 500           | 500           |
| <i>Waste Processing Facilities</i>                                | –   | –                  | –             | –             | –             | –             |
| <i>Waste Drop-off Points</i>                                      | –   | –                  | –             | –             | –             | –             |
| <i>Waste Separation Facilities</i>                                | –   | –                  | –             | –             | 500           | –             |



| Description   | Capital Expenditure - New Assets Programme*     |                    |               |              |              |              |
|---|---|--------------------|---------------|--------------|--------------|--------------|
|   | Budget<br>Year<br>2017/18<br>Original<br>Budget | Adjusted<br>Budget | YTD<br>actual | 2018/19      | 2019/20      | 2020/21      |
| R thousands   |   |                    |               |              |              |              |
| <i>Electricity Generation Facilities</i>            |   |                    |               | –            | –            | –            |
| <i>Capital Spares</i>                               |   |                    |               | –            | –            | –            |
| <b>Rail Infrastructure</b>                          | –   | –                  | –             | –            | –            | –            |
| <i>Rail Lines</i>                                   |   |                    |               | –            | –            | –            |
| <i>Rail Structures</i>                              |   |                    |               | –            | –            | –            |
| <i>Rail Furniture</i>                               |   |                    |               | –            | –            | –            |
| <i>Drainage Collection</i>                          |   |                    |               | –            | –            | –            |
| <i>Storm water Conveyance</i>                       |   |                    |               | –            | –            | –            |
| <i>Attenuation</i>                                  |   |                    |               | –            | –            | –            |
| <i>MV Substations</i>                               |   |                    |               | –            | –            | –            |
| <i>LV Networks</i>                                  |   |                    |               | –            | –            | –            |
| <i>Capital Spares</i>                               |   |                    |               | –            | –            | –            |
| <b>Coastal Infrastructure</b>                       | –   | –                  | –             | –            | –            | –            |
| <i>Sand Pumps</i>                                   |   |                    |               | –            | –            | –            |
| <i>Piers</i>  |   |                    |               | –            | –            | –            |
| <i>Revetments</i>                                   |   |                    |               | –            | –            | –            |
| <i>Promenades</i>                                   |   |                    |               | –            | –            | –            |
| <i>Capital Spares</i>                               |   |                    |               | –            | –            | –            |
| <b>Information and Communication Infrastructure</b> | –   | –                  | –             | –            | –            | –            |
| <i>Data Centres</i>                                 |   |                    |               | –            | –            | –            |
| <i>Core Layers</i>                                  |   |                    |               | –            | –            | –            |
| <i>Distribution Layers</i>                          |   |                    |               | –            | –            | –            |
| <i>Capital Spares</i>                               |   |                    |               | –            | –            | –            |
| <b>Community Assets</b>                             | <b>4,419</b>                                    | <b>4,564</b>       | <b>4,976</b>  | <b>6,056</b> | <b>3,452</b> | <b>6,598</b> |
| <b>Community Facilities</b>                         | <b>3,729</b>                                    | <b>3,818</b>       | <b>3,868</b>  | <b>5,219</b> | <b>3,372</b> | <b>6,118</b> |
| <i>Halls</i>  | 25  | 22                 | 32            | 200          | –            | –            |
| <i>Centres</i>                                      | 504   | 504                | 500           | 5,019        | 3,372        | 6,048        |
| <i>Crèches</i>                                      | –   | –                  | –             | –            | –            | –            |
| <i>Clinics/Care Centres</i>                         | –   | –                  | –             | –            | –            | –            |
| <i>Fire/Ambulance Stations</i>                      | –   | –                  | –             | –            | –            | –            |
| <i>Testing Stations</i>                             | –   | –                  | –             | –            | –            | –            |
| <i>Museums</i>                                      | –   | –                  | –             | –            | –            | –            |
| <i>Galleries</i>                                    | –   | –                  | –             | –            | –            | –            |
| <i>Theatres</i>                                     | –   | –                  | –             | –            | –            | –            |
| <i>Libraries</i>                                    | –   | –                  | –             | –            | –            | –            |
| <i>Cemeteries/Crematoria</i>                        | 3,200   | 3,292              | 3,336         | –            | –            | 70           |
| <i>Police</i>                                       | –   | –                  | –             | –            | –            | –            |
| <i>Purls</i>  | –   | –                  | –             | –            | –            | –            |
| <i>Public Open Space</i>                            | –   | –                  | –             | –            | –            | –            |
| <i>Nature Reserves</i>                              | –   | –                  | –             | –            | –            | –            |
| <i>Public Ablution Facilities</i>                   | –   | –                  | –             | –            | –            | –            |
| <i>Markets</i>                                      | –   | –                  | –             | –            | –            | –            |
| <i>Stalls</i>                                       | –   | –                  | –             | –            | –            | –            |
| <i>Abattoirs</i>                                    | –   | –                  | –             | –            | –            | –            |
| <i>Airports</i>                                     | –   | –                  | –             | –            | –            | –            |
| <i>Taxi Ranks/Bus Terminals</i>                     | –   | –                  | –             | –            | –            | –            |
| <i>Capital Spares</i>                               | –   | –                  | –             | –            | –            | –            |
| <b>Sport and Recreation Facilities</b>              | <b>690</b>                                      | <b>745</b>         | <b>1,108</b>  | <b>837</b>   | <b>80</b>    | <b>480</b>   |
| <i>Indoor Facilities</i>                            | –   | –                  | –             | –            | –            | –            |
| <i>Outdoor Facilities</i>                           | 690   | 745                | 1,108         | 837          | 80           | 480          |
| <i>Capital Spares</i>                               | –   | –                  | –             | –            | –            | –            |
| <b>Heritage assets</b>                              | <b>–</b>  | <b>–</b>           | <b>–</b>      | <b>–</b>     | <b>–</b>     | <b>–</b>     |
| <b>Monuments</b>                                    | <b>–</b>  | <b>–</b>           | <b>–</b>      | <b>–</b>     | <b>–</b>     | <b>–</b>     |

| Description                                  | Capital Expenditure - New Assets Programme*     |                    |               |              |               |               |
|--|---|--------------------|---------------|--------------|---------------|---------------|
|  | Budget<br>Year<br>2017/18<br>Original<br>Budget | Adjusted<br>Budget | YTD<br>actual | 2018/19      | 2019/20       | 2020/21       |
| R thousands                                  |   |                    |               |              |               |               |
| <b>Historic Buildings</b>                    |   |                    |               | –            | –             | –             |
| <b>Works of Art</b>                          |   |                    |               | –            | –             | –             |
| <b>Conservation Areas</b>                    |   |                    |               | –            | –             | –             |
| <b>Other Heritage</b>                        |   |                    |               | –            | –             | –             |
| <b>Investment properties</b>                 | –   | <b>2,179</b>       | <b>587</b>    | <b>3,143</b> | <b>2,244</b>  | <b>485</b>    |
| Revenue Generating                           | –   | 2,179              | 587           | 3,143        | 2,244         | 485           |
| <i>Improved Property</i>                     |   | 2,179              | 587           | 3,143        | 2,244         | 485           |
| <i>Unimproved Property</i>                   |   | –                  | –             | –            | –             | –             |
| Non-revenue Generating                       | –   | –                  | –             | –            | –             | –             |
| <i>Improved Property</i>                     |   |                    |               |              |               |               |
| <i>Unimproved Property</i>                   |   |                    | –             | –            | –             | –             |
| <b>Other assets</b>                          | <b>1,470</b>                                    | <b>2,160</b>       | <b>2,157</b>  | <b>5,245</b> | <b>40,200</b> | <b>30,140</b> |
| Operational Buildings                        | 1,470   | 2,160              | 2,157         | 5,245        | 40,200        | 30,140        |
| <i>Municipal Offices</i>                     | 870   | 761                | 788           | 45           | 40,130        | 30,050        |
| <i>Pay/Enquiry Points</i>                    | –   | –                  | –             | –            | –             | –             |
| <i>Building Plan Offices</i>                 | –   | –                  | –             | –            | –             | –             |
| <i>Workshops</i>                             | 500   | 1,300              | 1,270         | 4,550        | –             | 40            |
| <i>Yards</i>                                 | 100   | 98                 | 98            | 130          | 70            | 50            |
| <i>Stores</i>                                | –   | –                  | –             | 520          | –             | –             |
| <i>Laboratories</i>                          | –   | –                  | –             | –            | –             | –             |
| <i>Training Centres</i>                      | –   | –                  | –             | –            | –             | –             |
| <i>Manufacturing Plant</i>                   | –   | –                  | –             | –            | –             | –             |
| <i>Depots</i>                                | –   | –                  | –             | –            | –             | –             |
| <i>Capital Spares</i>                        | –   | –                  | –             | –            | –             | –             |
| Housing                                      | –   | –                  | –             | –            | –             | –             |
| <i>Staff Housing</i>                         |   |                    |               | –            | –             | –             |
| <i>Social Housing</i>                        |   |                    |               | –            | –             | –             |
| <i>Capital Spares</i>                        |   |                    |               | –            | –             | –             |
| <b>Biological or Cultivated Assets</b>       | –   | –                  | –             | –            | –             | –             |
| Biological or Cultivated Assets              |   |                    |               | –            | –             | –             |
| <b>Intangible Assets</b>                     | –   | –                  | –             | –            | –             | –             |
| Servitudes                                   |   |                    |               | –            | –             | –             |
| Licences and Rights                          | –   | –                  | –             | –            | –             | –             |
| <i>Water Rights</i>                          |   |                    |               | –            | –             | –             |
| <i>Effluent Licenses</i>                     |   |                    |               | –            | –             | –             |
| <i>Solid Waste Licenses</i>                  |   |                    |               | –            | –             | –             |
| <i>Computer Software and Applications</i>    |   |                    |               | –            | –             | –             |
| <i>Load Settlement Software Applications</i> |   |                    |               | –            | –             | –             |
| <i>Unspecified</i>                           |   |                    |               | –            | –             | –             |
| <b>Computer Equipment</b>                    | <b>998</b>                                      | <b>2,028</b>       | <b>1,789</b>  | 246          | 1,585         | 3,020         |
| Computer Equipment                           | 998   | 2,028              | 1,789         | 246          | 1,585         | 3,020         |
| <b>Furniture and Office Equipment</b>        | <b>475</b>                                      | <b>592</b>         | <b>735</b>    | 519          | 198           | 225           |
| Furniture and Office Equipment               | 475   | 592                | 735           | 519          | 198           | 225           |
| <b>Machinery and Equipment</b>               | <b>2,698</b>                                    | <b>3,896</b>       | <b>3,528</b>  | 6,799        | 3,596         | 5,418         |
| Machinery and Equipment                      | 2,698   | 3,896              | 3,528         | 6,799        | 3,596         | 5,418         |
| <b>Transport Assets</b>                      | <b>4,665</b>                                    | <b>4,955</b>       | <b>4,625</b>  | 1,651        | 1,325         | 1,850         |
| Transport Assets                             | 4,665   | 4,955              | 4,625         | 1,651        | 1,325         | 1,850         |

| Description                                     | Capital Expenditure - New Assets Programme*     |                    |               |               |               |               |
|---|---|--------------------|---------------|---------------|---------------|---------------|
|   | Budget<br>Year<br>2017/18<br>Original<br>Budget | Adjusted<br>Budget | YTD<br>actual | 2018/19       | 2019/20       | 2020/21       |
| R thousands                                     |   |                    |               |               |               |               |
| <u>Libraries</u>                                | –   | –                  | –             | –             | –             | –             |
| <b>Libraries</b>                                |   |                    |               | –             | –             | –             |
| <u>Zoo's, Marine and Non-biological Animals</u> | –   | –                  | –             | –             | –             | –             |
| <b>Zoo's, Marine and Non-biological Animals</b> |   |                    |               | –             | –             | –             |
| Total Capital Expenditure on new assets         | <b>44,174</b>                                   | <b>66,015</b>      | <b>52,538</b> | <b>62,156</b> | <b>99,664</b> | <b>87,140</b> |

## APPENDIX M (II) CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

| Capital Expenditure - Renewal of Existing Assets Programme* |                     |        |                    |               |         |         |         |
|---|---------------------|--------|--------------------|---------------|---------|---------|---------|
| Description   | Budget Year 2017/18 |        | Adjusted<br>Budget | YTD<br>actual | 2018/19 | 2019/20 | 2020/21 |
|   | Original Budget     |        |                    |               |         |         |         |
| R thousands   |                     |        |                    |               |         |         |         |
| Capital expenditure on renewal of existing assets by        |                     |        |                    |               |         |         |         |
| Asset Class/Sub-class                                       |                     |        |                    |               |         |         |         |
| -   |                     |        |                    |               |         |         |         |
| Infrastructure  | 29,156              | 28,954 | 29,815             | 60,702        | 92,558  | 75,098  |         |
| Roads Infrastructure  | –                   | –      | –                  | 4,000         | 17,100  | 21,870  |         |
| Roads   | –                   | –      | –                  | –             | –       | –       |         |
| Road Structures   | –                   | –      | –                  | 4,000         | 16,800  | 21,000  |         |
| Road Furniture  | –                   | –      | –                  | –             | 300     | 870     |         |
| Capital Spares  | –                   | –      | –                  | –             | –       | –       |         |
| Storm water Infrastructure                                  | –                   | –      | –                  | –             | –       | –       |         |
| Drainage Collection   |                     |        | –                  | –             | –       | –       |         |
| Storm water Conveyance                                      |                     |        | –                  | –             | –       | –       |         |
| Attenuation   |                     |        | –                  | –             | –       | –       |         |
| Electrical Infrastructure                                   | 6,500               | 7,050  | 8,422              | 10,900        | 8,600   | 4,300   |         |
| Power Plants  | 800                 | 800    | 1,482              | 1,500         | 800     | 800     |         |
| HV Substations  | –                   | –      | –                  | –             | –       | –       |         |
| HV Switching Station  | 200                 | 200    | 199                | –             | –       | –       |         |
| HV Transmission Conductors                                  | –                   | –      | –                  | –             | –       | –       |         |
| MV Substations  | 1,300               | 1,850  | 2,055              | 4,300         | 3,500   | –       |         |
| MV Switching Stations                                       | –                   | –      | –                  | –             | –       | –       |         |
| MV Networks   | 1,800               | 1,800  | 2,367              | 1,900         | 1,300   | 1,300   |         |
| LV Networks   | 900                 | 900    | 1,019              | 1,400         | 2,000   | 1,200   |         |
| Capital Spares  | 1,500               | 1,500  | 1,300              | 1,800         | 1,000   | 1,000   |         |
| Water Supply Infrastructure                                 | 19,856              | 18,802 | 18,882             | 23,400        | 33,400  | 15,030  |         |
| Dams and Weirs  | –                   | –      | –                  | –             | –       | –       |         |
| Boreholes   | –                   | –      | –                  | –             | –       | –       |         |
| Reservoirs  | 15,806              | 14,849 | 14,967             | 16,800        | 21,700  | 500     |         |
| Pump Stations   | 450                 | 441    | 410                | 100           | –       | –       |         |
| Water Treatment Works                                       | 100                 | 113    | 211                | –             | 700     | –       |         |
| Bulk Mains  | 1,200               | 1,100  | 1,089              | 4,000         | 8,500   | 11,210  |         |
| Distribution  | 2,300               | 2,300  | 2,204              | 2,500         | 2,500   | 3,320   |         |
| Distribution Points   | –                   | –      | –                  | –             | –       | –       |         |
| PRV Stations  | –                   | –      | –                  | –             | –       | –       |         |
| Capital Spares  | –                   | –      | –                  | –             | –       | –       |         |
| Sanitation Infrastructure                                   | 2,775               | 3,083  | 2,493              | 22,402        | 33,458  | 33,898  |         |
| Pump Station  | 175                 | 175    | 229                | 55            | 2,120   | 420     |         |
| Reticulation  | 2,600               | 2,800  | 2,225              | 8,910         | 17,200  | 22,000  |         |
| Waste Water Treatment Works                                 | –                   | 108    | 38                 | 13,438        | 14,138  | 11,478  |         |
| Outfall Sewers  | –                   | –      | –                  | –             | –       | –       |         |
| Toilet Facilities   | –                   | –      | –                  | –             | –       | –       |         |
| Capital Spares  | –                   | –      | –                  | –             | –       | –       |         |
| Solid Waste Infrastructure                                  | 25                  | 19     | 19                 | –             | –       | –       |         |
| Landfill Sites  | –                   | –      | –                  | –             | –       | –       |         |
| Waste Transfer Stations                                     | 25                  | 19     | 19                 | –             | –       | –       |         |
| Waste Processing Facilities                                 | –                   | –      | –                  | –             | –       | –       |         |
| Waste Drop-off Points                                       | –                   | –      | –                  | –             | –       | –       |         |
| Waste Separation Facilities                                 | –                   | –      | –                  | –             | –       | –       |         |
| Electricity Generation Facilities                           | –                   | –      | –                  | –             | –       | –       |         |
| Capital Spares  | –                   | –      | –                  | –             | –       | –       |         |
| Rail Infrastructure   | –                   | –      | –                  | –             | –       | –       |         |
| Rail Lines  |                     |        |                    | –             | –       | –       |         |

| Capital Expenditure - Renewal of Existing Assets Programme* |                     |       |                    |               |         |         |         |
|---|---------------------|-------|--------------------|---------------|---------|---------|---------|
| Description   | Budget Year 2017/18 |       | Adjusted<br>Budget | YTD<br>actual | 2018/19 | 2019/20 | 2020/21 |
|   | Original Budget     |       |                    |               |         |         |         |
| R thousands   |                     |       |                    |               |         |         |         |
| Capital expenditure on renewal of existing assets by        |                     |       |                    |               |         |         |         |
| Asset Class/Sub-class                                       |                     |       |                    |               |         |         |         |
| -   |                     |       |                    |               |         |         |         |
| Rail Structures   |                     |       |                    | -             | -       | -       |         |
| Rail Furniture  |                     |       |                    | -             | -       | -       |         |
| Drainage Collection   |                     |       |                    | -             | -       | -       |         |
| Storm water Conveyance                                      |                     |       |                    | -             | -       | -       |         |
| Attenuation   |                     |       |                    | -             | -       | -       |         |
| MV Substations  |                     |       |                    |               |         |         |         |
| LV Networks   |                     |       |                    |               |         |         |         |
| Capital Spares  |                     |       |                    | -             | -       | -       |         |
| Coastal Infrastructure                                      | -                   | -     | -                  | -             | -       | -       |         |
| Sand Pumps  |                     |       |                    | -             | -       | -       |         |
| Piers   |                     |       |                    | -             | -       | -       |         |
| Revetments  |                     |       |                    | -             | -       | -       |         |
| Promenades  |                     |       |                    | -             | -       | -       |         |
| Capital Spares  |                     |       |                    | -             | -       | -       |         |
| Information and Communication Infrastructure                | -                   | -     | -                  | -             | -       | -       |         |
| Data Centres  |                     |       |                    | -             | -       | -       |         |
| Core Layers   |                     |       |                    | -             | -       | -       |         |
| Distribution Layers   |                     |       |                    | -             | -       | -       |         |
| Capital Spares  |                     |       |                    | -             | -       | -       |         |
| Community Assets  | 3,432               | 3,511 | 3,523              | 1,540         | 4,730   | 8,042   |         |
| Community Facilities  | -                   | -     | -                  | -             | -       | -       |         |
| Halls   |                     |       |                    | -             | -       | -       |         |
| Centres   |                     |       |                    | -             | -       | -       |         |
| Crèches   |                     |       |                    | -             | -       | -       |         |
| Clinics/Care Centres  |                     |       |                    | -             | -       | -       |         |
| Fire/Ambulance Stations                                     |                     |       |                    | -             | -       | -       |         |
| Testing Stations  |                     |       |                    | -             | -       | -       |         |
| Museums   |                     |       |                    | -             | -       | -       |         |
| Galleries   |                     |       |                    | -             | -       | -       |         |
| Theatres  |                     |       |                    | -             | -       | -       |         |
| Libraries   |                     |       |                    | -             | -       | -       |         |
| Cemeteries/Crematoria                                       |                     |       |                    | -             | -       | -       |         |
| Police  |                     |       |                    | -             | -       | -       |         |
| Purls   |                     |       |                    | -             | -       | -       |         |
| Public Open Space   |                     |       |                    | -             | -       | -       |         |
| Nature Reserves   |                     |       |                    | -             | -       | -       |         |
| Public Ablution Facilities                                  |                     |       |                    | -             | -       | -       |         |
| Markets   |                     |       |                    | -             | -       | -       |         |
| Stalls  |                     |       |                    | -             | -       | -       |         |
| Abattoirs   |                     |       |                    | -             | -       | -       |         |
| Airports  |                     |       |                    | -             | -       | -       |         |
| Taxi Ranks/Bus Terminals                                    |                     |       |                    | -             | -       | -       |         |
| Capital Spares  |                     |       |                    | -             | -       | -       |         |
| Sport and Recreation Facilities                             | 3,432               | 3,511 | 3,523              | 1,540         | 4,730   | 8,042   |         |
| Indoor Facilities   | -                   | -     | -                  | -             | -       | -       |         |
| Outdoor Facilities  | 3,432               | 3,511 | 3,523              | 1,540         | 4,730   | 8,042   |         |
| Capital Spares  | -                   | -     | -                  | -             | -       | -       |         |
| Heritage assets   | -                   | -     | -                  | -             | -       | -       |         |
| Monuments   |                     |       |                    | -             | -       | -       |         |
| Historic Buildings  |                     |       |                    | -             | -       | -       |         |
| Works of Art  |                     |       |                    | -             | -       | -       |         |
| Conservation Areas  |                     |       |                    | -             | -       | -       |         |

| Capital Expenditure - Renewal of Existing Assets Programme* |                     |     |                    |               |         |         |         |
|---|---------------------|-----|--------------------|---------------|---------|---------|---------|
| Description   | Budget Year 2017/18 |     | Adjusted<br>Budget | YTD<br>actual | 2018/19 | 2019/20 | 2020/21 |
|   | Original Budget     |     |                    |               |         |         |         |
| R thousands   |                     |     |                    |               |         |         |         |
| Capital expenditure on renewal of existing assets by        |                     |     |                    |               |         |         |         |
| Asset Class/Sub-class                                       |                     |     |                    |               |         |         |         |
| -   |                     |     |                    |               |         |         |         |
| Other Heritage  |                     |     |                    | -             | -       | -       |         |
|   |                     |     |                    |               |         |         |         |
| Investment properties                                       | -                   | -   | -                  | -             | -       | -       |         |
| Revenue Generating  | -                   | -   | -                  | -             | -       | -       |         |
| Improved Property   |                     |     |                    | -             | -       | -       |         |
| Unimproved Property   |                     |     |                    | -             | -       | -       |         |
| Non-revenue Generating                                      | -                   | -   | -                  | -             | -       | -       |         |
| Improved Property   |                     |     |                    | -             | -       | -       |         |
| Unimproved Property   |                     |     |                    | -             | -       | -       |         |
|   |                     |     |                    |               |         |         |         |
| Other assets  | 140                 | 278 | 113                | 380           | 700     | 270     |         |
| Operational Buildings                                       | 140                 | 278 | 113                | 380           | 700     | 270     |         |
| Municipal Offices   | -                   | 120 | 35                 | 80            | -       | -       |         |
| Pay/Enquiry Points  | -                   | -   | -                  | -             | -       | -       |         |
| Building Plan Offices                                       | -                   | -   | -                  | -             | -       | -       |         |
| Workshops   | 50                  | 50  | -                  | 300           | 700     | 270     |         |
| Yards   | -                   | -   | -                  | -             | -       | -       |         |
| Stores  | 90                  | 108 | 78                 | -             | -       | -       |         |
| Laboratories  | -                   | -   | -                  | -             | -       | -       |         |
| Training Centres  | -                   | -   | -                  | -             | -       | -       |         |
| Manufacturing Plant   | -                   | -   | -                  | -             | -       | -       |         |
| Depots  | -                   | -   | -                  | -             | -       | -       |         |
| Capital Spares  | -                   | -   | -                  | -             | -       | -       |         |
| Housing   | -                   | -   | -                  | -             | -       | -       |         |
| Staff Housing   |                     |     |                    | -             | -       | -       |         |
| Social Housing  |                     |     |                    | -             | -       | -       |         |
| Capital Spares  |                     |     |                    | -             | -       | -       |         |
|   |                     |     |                    |               |         |         |         |
| Biological or Cultivated Assets                             | -                   | -   | -                  | -             | -       | -       |         |
| Biological or Cultivated Assets                             |                     |     |                    | -             | -       | -       |         |
|   |                     |     |                    |               |         |         |         |
| Intangible Assets   | -                   | -   | -                  | -             | -       | -       |         |
| Servitudes  |                     |     |                    | -             | -       | -       |         |
| Licences and Rights   | -                   | -   | -                  | -             | -       | -       |         |
| Water Rights  |                     |     |                    | -             | -       | -       |         |
| Effluent Licenses   |                     |     |                    | -             | -       | -       |         |
| Solid Waste Licenses  |                     |     |                    | -             | -       | -       |         |
| Computer Software and Applications                          |                     |     |                    | -             | -       | -       |         |
| Load Settlement Software Applications                       |                     |     |                    | -             | -       | -       |         |
| Unspecified   |                     |     |                    | -             | -       | -       |         |
|   |                     |     |                    |               |         |         |         |
| Computer Equipment  | -                   | -   | 4                  | 265           | 92      | 114     |         |
| Computer Equipment  |                     |     | 4                  | 265           | 92      | 114     |         |
|   |                     |     |                    |               |         |         |         |
| Furniture and Office Equipment                              | 43                  | 77  | 104                | 105           | 135     | 108     |         |
| Furniture and Office Equipment                              | 43                  | 77  | 104                | 105           | 135     | 108     |         |
|   |                     |     |                    |               |         |         |         |
| Machinery and Equipment                                     | 435                 | 991 | 1,116              | 478           | 220     | 253     |         |
| Machinery and Equipment                                     | 435                 | 991 | 1,116              | 478           | 220     | 253     |         |
|   |                     |     |                    |               |         |         |         |
| Transport Assets  | -                   | -   | -                  | 1,694         | 1,221   | 1,288   |         |
| Transport Assets  |                     |     | -                  | 1,694         | 1,221   | 1,288   |         |
|   |                     |     |                    |               |         |         |         |
| Libraries   | -                   | -   | -                  | -             | -       | -       |         |

| Capital Expenditure - Renewal of Existing Assets Programme* |                     |               |                 |               |               |               |         |
|---|---------------------|---------------|-----------------|---------------|---------------|---------------|---------|
| Description   | Budget Year 2017/18 |               | Adjusted Budget | YTD actual    | 2018/19       | 2019/20       | 2020/21 |
|   | Original Budget     |               |                 |               |               |               |         |
| R thousands   |                     |               |                 |               |               |               |         |
| <u>Capital expenditure on renewal of existing assets by</u> |                     |               |                 |               |               |               |         |
| <u>Asset Class/Sub-class</u>                                |                     |               |                 |               |               |               |         |
| -   |                     |               |                 |               |               |               |         |
| <b>Libraries</b>  |                     |               |                 |               | –             | –             | –       |
|   |                     |               |                 |               |               |               |         |
| <u>Zoo's, Marine and Non-biological Animals</u>             | –                   | –             | –               | –             | –             | –             | –       |
| <b>Zoo's, Marine and Non-biological Animals</b>             |                     |               |                 |               | –             | –             | –       |
|   |                     |               |                 |               |               |               |         |
| Total Capital Expenditure on renewal of existing assets     | <b>33,206</b>       | <b>33,811</b> | <b>34,676</b>   | <b>65,164</b> | <b>99,655</b> | <b>85,172</b> |         |

| Capital Expenditure - Upgrading of Existing Assets Programme*                       |                     |                 |            |         |         |         |
|---|---------------------|-----------------|------------|---------|---------|---------|
| Description   | Budget Year 2017/18 |                 |            | 2018/19 | 2019/20 | 2020/21 |
|   | Original Budget     | Adjusted Budget | YTD actual |         |         |         |
| R thousands   |                     |                 |            |         |         |         |
| <u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u> |                     |                 |            |         |         |         |
| -   |                     |                 |            |         |         |         |
| Infrastructure  | 39,283              | 42,665          | 41,589     | 47,130  | 46,565  | 52,025  |
| Roads Infrastructure  | 13,287              | 13,981          | 13,815     | 11,319  | 14,851  | 28,892  |
| Roads   | 1,320               | 1,308           | 1,323      | 250     | 600     | 100     |
| Road Structures   | -                   | -               | -          | -       | -       | 3,000   |
| Road Furniture  | 11,967              | 12,673          | 12,492     | 11,069  | 14,251  | 25,792  |
| Capital Spares  | -                   | -               | -          | -       | -       | -       |
| Storm water Infrastructure  | 12,730              | 12,368          | 12,098     | 10,468  | 9,700   | 7,950   |
| Drainage Collection   | -                   | -               | -          | -       | -       | -       |
| Storm water Conveyance  | 12,730              | 12,368          | 12,098     | 10,468  | 9,700   | 7,950   |
| Attenuation   | -                   | -               | -          | -       | -       | -       |
| Electrical Infrastructure   | 5,105               | 4,769           | 3,598      | 8,300   | 9,450   | 4,250   |
| Power Plants  | 4,050               | 4,014           | 2,831      | 1,350   | 150     | 150     |
| HV Substations  | -                   | -               | -          | 200     | 2,000   | 2,000   |
| HV Switching Station  | -                   | -               | -          | -       | -       | -       |
| HV Transmission Conductors  | -                   | -               | -          | -       | -       | -       |
| MV Substations  | -                   | -               | -          | 6,450   | 7,000   | 2,100   |
| MV Switching Stations   | -                   | -               | -          | -       | -       | -       |
| MV Networks   | -                   | -               | -          | -       | -       | -       |
| LV Networks   | 1,055               | 755             | 767        | 300     | 300     | -       |
| Capital Spares  | -                   | -               | -          | -       | -       | -       |
| Water Supply Infrastructure   | 7,161               | 7,161           | 7,158      | 10,422  | 7,064   | 5,283   |
| Dams and Weirs  | -                   | -               | -          | -       | -       | -       |
| Boreholes   | -                   | -               | -          | -       | -       | -       |
| Reservoirs  | -                   | -               | -          | -       | -       | -       |
| Pump Stations   | -                   | -               | -          | -       | -       | -       |
| Water Treatment Works   | -                   | -               | -          | 80      | -       | -       |
| Bulk Mains  | -                   | -               | -          | -       | -       | -       |
| Distribution  | 7,161               | 7,161           | 7,158      | 10,342  | 7,064   | 5,283   |
| Distribution Points   | -                   | -               | -          | -       | -       | -       |
| PRV Stations  | -                   | -               | -          | -       | -       | -       |
| Capital Spares  | -                   | -               | -          | -       | -       | -       |
| Sanitation Infrastructure   | 1,000               | 4,386           | 3,909      | 5,600   | 5,500   | 5,650   |
| Pump Station  | 1,000               | 990             | 987        | -       | -       | 150     |
| Reticulation  | -                   | -               | -          | -       | -       | 1,000   |
| Waste Water Treatment Works   | -                   | 3,397           | 2,922      | 5,600   | 5,500   | 4,500   |
| Outfall Sewers  | -                   | -               | -          | -       | -       | -       |
| Toilet Facilities   | -                   | -               | -          | -       | -       | -       |
| Capital Spares  | -                   | -               | -          | -       | -       | -       |
| Solid Waste Infrastructure  | -                   | -               | 1,011      | 1,020   | -       | -       |
| Landfill Sites  |                     |                 | 1,011      | -       | -       | -       |
| Waste Transfer Stations   |                     |                 |            | 1,020   | -       | -       |
| Waste Processing Facilities   |                     |                 |            | -       | -       | -       |
| Waste Drop-off Points   |                     |                 |            | -       | -       | -       |
| Waste Separation Facilities   |                     |                 |            | -       | -       | -       |
| Electricity Generation Facilities   |                     |                 |            | -       | -       | -       |
| Capital Spares  |                     |                 |            | -       | -       | -       |
| Rail Infrastructure   | -                   | -               | -          | -       | -       | -       |
| Rail Lines  |                     |                 |            | -       | -       | -       |
| Rail Structures   |                     |                 |            | -       | -       | -       |



| Capital Expenditure - Upgrading of Existing Assets Programme*                       |                     |                 |            |         |         |         |
|---|---------------------|-----------------|------------|---------|---------|---------|
| Description   | Budget Year 2017/18 |                 |            | 2018/19 | 2019/20 | 2020/21 |
|   | Original Budget     | Adjusted Budget | YTD actual |         |         |         |
| R thousands   |                     |                 |            |         |         |         |
| <u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u> |                     |                 |            |         |         |         |
| -   |                     |                 |            |         |         |         |
| Rail Furniture  |                     |                 |            | -       | -       | -       |
| Drainage Collection   |                     |                 |            | -       | -       | -       |
| Storm water Conveyance  |                     |                 |            | -       | -       | -       |
| Attenuation   |                     |                 |            | -       | -       | -       |
| MV Substations  |                     |                 |            | -       | -       | -       |
| LV Networks   |                     |                 |            | -       | -       | -       |
| Capital Spares  |                     |                 |            | -       | -       | -       |
| Coastal Infrastructure  | -                   | -               | -          | -       | -       | -       |
| Sand Pumps  |                     |                 |            | -       | -       | -       |
| Piers   |                     |                 |            | -       | -       | -       |
| Revetments  |                     |                 |            | -       | -       | -       |
| Promenades  |                     |                 |            | -       | -       | -       |
| Capital Spares  |                     |                 |            | -       | -       | -       |
| Information and Communication Infrastructure  | -                   | -               | -          | -       | -       | -       |
| Data Centres  |                     |                 |            | -       | -       | -       |
| Core Layers   |                     |                 |            | -       | -       | -       |
| Distribution Layers   |                     |                 |            | -       | -       | -       |
| Capital Spares  |                     |                 |            | -       | -       | -       |
|   |                     |                 |            |         |         |         |
| Community Assets  | 1,645               | 1,625           | 1,353      | 700     | -       | 830     |
| Community Facilities  | 920                 | 880             | 747        | 550     | -       | 350     |
| Halls   | 200                 | 195             | 195        | -       | -       | 350     |
| Centres   | -                   | -               | -          | 110     | -       | -       |
| Crèches   | 720                 | 685             | 552        | -       | -       | -       |
| Clinics/Care Centres  | -                   | -               | -          | -       | -       | -       |
| Fire/Ambulance Stations   | -                   | -               | -          | -       | -       | -       |
| Testing Stations  | -                   | -               | -          | -       | -       | -       |
| Museums   | -                   | -               | -          | -       | -       | -       |
| Galleries   | -                   | -               | -          | -       | -       | -       |
| Theatres  | -                   | -               | -          | -       | -       | -       |
| Libraries   | -                   | -               | -          | -       | -       | -       |
| Cemeteries/Crematoria   | -                   | -               | -          | -       | -       | -       |
| Police  | -                   | -               | -          | -       | -       | -       |
| Purls   | -                   | -               | -          | -       | -       | -       |
| Public Open Space   | -                   | -               | -          | 320     | -       | -       |
| Nature Reserves   | -                   | -               | -          | -       | -       | -       |
| Public Ablution Facilities  | -                   | -               | -          | 120     | -       | -       |
| Markets   | -                   | -               | -          | -       | -       | -       |
| Stalls  | -                   | -               | -          | -       | -       | -       |
| Abattoirs   | -                   | -               | -          | -       | -       | -       |
| Airports  | -                   | -               | -          | -       | -       | -       |
| Taxi Ranks/Bus Terminals  | -                   | -               | -          | -       | -       | -       |
| Capital Spares  | -                   | -               | -          | -       | -       | -       |
| Sport and Recreation Facilities   | 725                 | 745             | 606        | 150     | -       | 480     |
| Indoor Facilities   | 500                 | 500             | 361        | 150     | -       | -       |
| Outdoor Facilities  | 225                 | 245             | 245        | -       | -       | 480     |
| Capital Spares  | -                   | -               | -          | -       | -       | -       |
|   |                     |                 |            |         |         |         |
| Heritage assets   | -                   | -               | -          | -       | -       | -       |
| Monuments   |                     |                 |            | -       | -       | -       |

| Capital Expenditure - Upgrading of Existing Assets Programme*                       |                     |       |                 |            |         |         |         |
|---|---------------------|-------|-----------------|------------|---------|---------|---------|
| Description   | Budget Year 2017/18 |       | Adjusted Budget | YTD actual | 2018/19 | 2019/20 | 2020/21 |
|   | Original Budget     |       |                 |            |         |         |         |
| R thousands   |                     |       |                 |            |         |         |         |
| <u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u> |                     |       |                 |            |         |         |         |
| -   |                     |       |                 |            |         |         |         |
| Historic Buildings  |                     |       |                 | -          | -       | -       |         |
| Works of Art  |                     |       |                 | -          | -       | -       |         |
| Conservation Areas  |                     |       |                 | -          | -       | -       |         |
| Other Heritage  |                     |       |                 | -          | -       | -       |         |
|   |                     |       |                 |            |         |         |         |
| <u>Investment properties</u>  | -                   | -     | -               | -          | -       | -       |         |
| Revenue Generating  | -                   | -     | -               | -          | -       | -       |         |
| Improved Property   |                     |       |                 | -          | -       | -       |         |
| Unimproved Property   |                     |       |                 | -          | -       | -       |         |
| Non-revenue Generating  | -                   | -     | -               | -          | -       | -       |         |
| Improved Property   |                     |       |                 | -          | -       | -       |         |
| Unimproved Property   |                     |       |                 | -          | -       | -       |         |
|   |                     |       |                 |            |         |         |         |
| <u>Other assets</u>   | 600                 | 599   | 595             | 300        | 40      | -       |         |
| Operational Buildings   | 600                 | 599   | 595             | 300        | 40      | -       |         |
| Municipal Offices   | -                   | -     | -               | -          | 40      | -       |         |
| Pay/Enquiry Points  | -                   | -     | -               | -          | -       | -       |         |
| Building Plan Offices   | -                   | -     | -               | -          | -       | -       |         |
| Workshops   | 100                 | 99    | 114             | 100        | -       | -       |         |
| Yards   | -                   | -     | -               | 200        | -       | -       |         |
| Stores  | -                   | -     | -               | -          | -       | -       |         |
| Laboratories  | -                   | -     | -               | -          | -       | -       |         |
| Training Centres  | 500                 | 500   | 481             | -          | -       | -       |         |
| Manufacturing Plant   | -                   | -     | -               | -          | -       | -       |         |
| Depots  | -                   | -     | -               | -          | -       | -       |         |
| Capital Spares  | -                   | -     | -               | -          | -       | -       |         |
| Housing   | -                   | -     | -               | -          | -       | -       |         |
| Staff Housing   |                     |       |                 | -          | -       | -       |         |
| Social Housing  |                     |       |                 | -          | -       | -       |         |
| Capital Spares  |                     |       |                 | -          | -       | -       |         |
|   |                     |       |                 |            |         |         |         |
| <u>Biological or Cultivated Assets</u>  | -                   | -     | -               | -          | -       | -       |         |
| Biological or Cultivated Assets   |                     |       |                 | -          | -       | -       |         |
|   |                     |       |                 |            |         |         |         |
| <u>Intangible Assets</u>  | -                   | -     | -               | -          | -       | -       |         |
| Servitudes  |                     |       |                 | -          | -       | -       |         |
| Licences and Rights   | -                   | -     | -               | -          | -       | -       |         |
| Water Rights  |                     |       |                 | -          | -       | -       |         |
| Effluent Licenses   |                     |       |                 | -          | -       | -       |         |
| Solid Waste Licenses  |                     |       |                 | -          | -       | -       |         |
| Computer Software and Applications  |                     |       |                 | -          | -       | -       |         |
| Load Settlement Software Applications   |                     |       |                 | -          | -       | -       |         |
| Unspecified   |                     |       |                 | -          | -       | -       |         |
|   |                     |       |                 |            |         |         |         |
| <u>Computer Equipment</u>   | 1,328               | 2,112 | 1,935           | 1,045      | 2,405   | 10      |         |
| Computer Equipment  | 1,328               | 2,112 | 1,935           | 1,045      | 2,405   | 10      |         |
|   |                     |       |                 |            |         |         |         |
| <u>Furniture and Office Equipment</u>   | 564                 | 465   | 460             | 275        | 383     | 307     |         |
| Furniture and Office Equipment  | 564                 | 465   | 460             | 275        | 383     | 307     |         |
|   |                     |       |                 |            |         |         |         |
| Machinery and Equipment   | 1,655               | 1,740 | 1,004           | 385        | 2,230   | 1,150   |         |

| Capital Expenditure - Upgrading of Existing Assets Programme*                       |                     |               |                 |               |               |         |               |
|---|---------------------|---------------|-----------------|---------------|---------------|---------|---------------|
| Description   | Budget Year 2017/18 |               | Adjusted Budget | YTD actual    | 2018/19       | 2019/20 | 2020/21       |
|   | Original Budget     |               |                 |               |               |         |               |
| R thousands   |                     |               |                 |               |               |         |               |
| <u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u> |                     |               |                 |               |               |         |               |
| -   |                     |               |                 |               |               |         |               |
| <b>Machinery and Equipment</b>  | 1,655               | 1,740         | 1,004           | 385           | 2,230         |         | 1,150         |
|   |                     |               |                 |               |               |         |               |
| <u>Transport Assets</u>   | <b>3,830</b>        | <b>3,963</b>  | <b>3,686</b>    | 4,600         | 2,700         |         | 450           |
| <b>Transport Assets</b>   | 3,830               | 3,963         | 3,686           | 4,600         | 2,700         |         | 450           |
|   |                     |               |                 |               |               |         |               |
| <u>Libraries</u>  | -                   | -             | -               | -             | -             |         | -             |
| <b>Libraries</b>  |                     |               |                 | -             | -             |         | -             |
|   |                     |               |                 |               |               |         |               |
| <u>Zoo's, Marine and Non-biological Animals</u>                                     | -                   | -             | -               | -             | -             |         | -             |
| <b>Zoo's, Marine and Non-biological Animals</b>                                     |                     |               |                 | -             | -             |         | -             |
|   |                     |               |                 |               |               |         |               |
| Total Capital Expenditure on upgrading of existing assets                           | <b>48,905</b>       | <b>53,168</b> | <b>50,622</b>   | <b>54,435</b> | <b>54,323</b> |         | <b>54,772</b> |

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2018

| Capital Programme by Project: 2018   |                 |                   |           |                        |                                 |
|--|-----------------|-------------------|-----------|------------------------|---------------------------------|
| Capital Project  | Original Budget | Adjustment Budget | Actual    | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| <b>Water</b>   |                 |                   |           |                        |                                 |
| Furniture & Office Equipment   | 0               | 6,000             | 6,363     | 6%                     | 100%                            |
| Replacement of Vehicles  | 300000          | 254,800           | 253,235   | -1%                    | -18%                            |
| Mechanical Plant & Equipment-Klein Brak  | 600000          | 534,000           | 526,886   | -1%                    | -14%                            |
| Laboratory Instrumentation and Equipment   | 50000           | 110,000           | 106,180   | -4%                    | 53%                             |
| Mechanical Plant & Equipment-Sandhoogte  | 0               | -                 | 729       | 100%                   | 100%                            |
| Replacement of Electrical Plant and Equipment-Sandhoogte                                   | 250000          | -                 | -         | -                      | -                               |
| Fencing Great Brak WTW   | 100000          | 112,750           | 98,904    | -14%                   | -1%                             |
| Upgrading of Friemersheim WTW  | 0               | 114,040           | 112,569   | -1%                    | 100%                            |
| New Connections  | 500000          | 952,400           | 1,038,719 | 8%                     | 52%                             |
| Furniture & Office Equipment   | 50000           | 44,900            | 41,044    | -9%                    | -22%                            |
| Telemetry: Expansion New System  | 200000          | 192,143           | 144,112   | -33%                   | -39%                            |
| New multi-purpose Trailer  | 50000           | 45,100            | 45,100    | 0%                     | -11%                            |
| Replace Water Network Lines-All Areas  | 2300000         | 2,300,000         | 2,203,848 | -4%                    | -4%                             |
| Installation of Intelligent Bulk Watermeter Reading Devices                                | 500000          | 200,000           | 193,921   | -3%                    | -158%                           |
| New pipeline between Langeberg pumpstation and Bartelsfontein reservoir                    | 1000000         | 871,683           | 870,460   | 0%                     | -15%                            |
| Water Management Solutions   | 7161000         | 7,161,000         | 7,157,581 | 0%                     | 0%                              |
| Replacement of Vehicle: CBS 33235  | 420000          | 400,000           | 381,926   | -5%                    | -10%                            |
| Replacement of Fencing at Reservoirs   | 250000          | 153,000           | 32,500    | -371%                  | -669%                           |
| Upgrade of Water Supply Pipeline from Little Brak WTW to Langeberg Reservoirs              | 6754878         | 6,754,878         | 6,754,878 | 0%                     | 0%                              |
| Upgrade of Water Supply Pipeline from Little Brak WTW to Langeberg Reservoirs              | 6754868         | 8,190,795         | 8,179,823 | 0%                     | 17%                             |
| Upgrade of Water Supply Pipeline from Langeberg Reservoirs to Very High Reservoirs - M.I.G | 859940          | -                 | -         | -                      | -                               |
| Upgrade of Water Supply Pipeline from Langeberg Reservoirs to Very High Reservoirs - C.R.R | 1185927         | -                 | -         | -                      | -                               |
| Replace one of the pumps at Grunter pump station with new one                              | 250000          | 268,330           | 265,996   | -1%                    | 6%                              |

| Capital Programme by Project: 2018   |                 |                   |           |                        |                                 |
|--|-----------------|-------------------|-----------|------------------------|---------------------------------|
| Capital Project  | Original Budget | Adjustment Budget | Actual    | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| Electronic measuring devices at boreholes  | 200000          | 100,000           | -         | -                      | -                               |
| New Half Ton Bakkie for Desal and RO Plant   | 200000          | 154,303           | 162,953   | 5%                     | -23%                            |
| Pipeline between Tweeling Dam and Great Brak Water Treatment Works                 | 1200000         | 1,100,000         | 1,089,466 | -1%                    | -10%                            |
| New Water Meters-Sonskynvallei Housing Project                                     | 120000          | 80,000            | 85,701    | 7%                     | -40%                            |
| New Water Meters-Asazani Housing Project   | 65000           | 65,000            | -         | -                      | -                               |
| New Water Meters-Herbertsdale Housing Project                                      | 154000          | 300,000           | -         | -                      | -                               |
| Capital Spares - Pumpstations - Water  | 0               | -                 | 8,976     | 100%                   | 100%                            |
| Upgrading and Replacement of Valves  | 0               | 196,000           | 38,985    | -403%                  | 100%                            |
| Sanitation/Sewerage  |                 |                   |           |                        |                                 |
| Mechanical Plant and Equipment-Pinnacle Point                                      | 200,000         | 140,000           | 139,994   | 0%                     | -43%                            |
| Furniture & Office Equipment   | -               | 69,473            | 58,936    | -18%                   | 100%                            |
| Machinery & Equipment  | 10,000          | 527               | 526       | 0%                     | -1800%                          |
| Fencing and Ancillary Works-Regional Plant   | 50,000          | 35,000            | -         | -                      | -                               |
| Upgrading of the Regional WWTW   | -               | 3,123,000         | 2,922,302 | -7%                    | 100%                            |
| Upgrading of Herbertsdale sewer pumpstation to accommodate new housing development | 1,000,000       | 989,774           | 987,109   | 0%                     | -1%                             |
| Replacement of sewer pipelines between Mossel Bay and Hartenbos                    | 1,000,000       | 800,000           | 801,757   | 0%                     | -25%                            |
| Replacement of Vehicle: CBS 38677  | 300,000         | 364,200           | 353,700   | -3%                    | 15%                             |
| New Level-Sensor for Sewer Pits  | 55,265          | 54,594            | 45,596    | -20%                   | -21%                            |
| New Connections  | 180,000         | 310,000           | 381,515   | 19%                    | 53%                             |
| Upgrade Telemetry  | 120,000         | 135,000           | 183,855   | 27%                    | 35%                             |
| Midbrak Main Sewer Network   | 5,600,000       | 5,600,000         | 5,597,080 | 0%                     | 0%                              |
| Furniture & Office Equipment   | 50,000          | 24,700            | 24,621    | 0%                     | -103%                           |
| New Multi-Purpose Trailer  | 50,000          | 45,100            | 45,100    | 0%                     | -11%                            |
| Refurbish New Sewer Lines: D'Almeida   | 700,000         | 900,000           | 791,820   | -14%                   | 12%                             |
| Replace Sewer lines: Tarka   | 900,000         | 900,000           | 453,961   | -98%                   | -98%                            |
| Construct retaining wall on Erf 3877, Menkenkop                                    | 500,000         | 1,300,000         | 1,270,449 | -2%                    | 61%                             |
| Extend Friemersheim sewer network  | -               | 54,317            | 54,316    | 0%                     | 100%                            |

| Capital Programme by Project: 2018   |                 |                   |         |                        |                                 |
|--|-----------------|-------------------|---------|------------------------|---------------------------------|
| Capital Project  | Original Budget | Adjustment Budget | Actual  | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| Capacity increase of Great Brak WWTW   | -               | 38,500            | 38,457  | 0%                     | 100%                            |
| Oil and Diesel in Water/Waste Water Analyser                                     | 200,000         | -                 | -       | -                      | -                               |
| Relocation of sewer pipeline : Mabolo and Makhubalo Street: KwaNonqaba           | -               | 200,000           | 177,136 | -13%                   | 100%                            |
| Electricity  |                 |                   |         |                        |                                 |
| Replacement Network Hartenbos  | 1,000           | 1,112             | 1,128   | 1%                     | 11%                             |
| Replacement Network Low Voltage  | 200             | 150               | 150     | 0%                     | -33%                            |
| Infrastructure Middle Income Housing   | 560             | 524               | 512     | -2%                    | -9%                             |
| New 22kV Transmission Line Klein Brak River Sewerage Farm Phase 1&2              | 3,500           | 2,943             | 2,377   | -24%                   | -47%                            |
| New Connections  | 1,000           | 1,650             | 1,714   | 4%                     | 42%                             |
| Capital Spares (Replace Mini Substations)  | 1,500           | 1,300             | 1,300   | 0%                     | -15%                            |
| Replace MV Ring Main Units   | 800             | 1,483             | 1,482   | 0%                     | 46%                             |
| Electrification Projects   | 7,018           | 7,018             | 6,988   | 0%                     | 0%                              |
| Electrification Projects-CRR   | -               | -                 | 30      | 100%                   | 100%                            |
| Tools & Equipment  | 220             | 220               | 211     | -4%                    | -4%                             |
| Replacement of Vehicle: CBS 25950  | 320             | 274               | 272     | -1%                    | -18%                            |
| Replacement of Vehicle: CBS 33197  | 320             | 274               | 272     | -1%                    | -18%                            |
| Street Lights: Great Brak River Area   | 100             | 250               | 249     | 0%                     | 60%                             |
| Street Lights: Mossel Bay Area   | 100             | 100               | 100     | 0%                     | 0%                              |
| High mast and flood lights for various wards                                     | 1,000           | 205               | 205     | 0%                     | -388%                           |
| Electrical Workshop Upgrading  | 150             | 114               | 150     | 24%                    | 0%                              |
| Replace Low Voltage Network (Kleinbrak)  | 400             | 303               | 303     | 0%                     | -32%                            |
| Replace LV Overhead Lines with underground cable-Ward 13                         | 300             | -                 | -       | -                      | -                               |
| Replace LV Overhead Lines with underground cable-Ward 8                          | 755             | 755               | 767     | 2%                     | 2%                              |
| Ockre Substation   | -               | 0                 | 0       | -                      | -                               |
| Replace existing Long Street wooden poles with new Street Light Poles            | 200             | 200               | 199     | 0%                     | 0%                              |
| Install new 22kV Circuit Breaker at Dup Substation (Kleinbrak Intake Substation) | -               | 195               | 195     | 0%                     | 100%                            |
| Replace outdated switchgear : Point Substation                                   | 1,000           | 927               | 936     | 1%                     | -7%                             |
| Replace building and switchgear : Great Brak River Mani Sub                      | 300             | 1,183             | 1,118   | -6%                    | 73%                             |
| Cable Locators   | 100             | 83                | 83      | 0%                     | -20%                            |

| Capital Programme by Project: 2018   |                 |                   |        |                        |                                 |
|--|-----------------|-------------------|--------|------------------------|---------------------------------|
| Capital Project  | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| Replace LV Overhead Lines : Great Brak River   | 500             | 520               | 520    | 0%                     | 4%                              |
| Replace LDV CBS 33240  | 320             | 265               | 262    | -1%                    | -22%                            |
| New LDV  | 320             | 271               | 269    | -1%                    | -19%                            |
| Trailer Great Brak River   | 40              | 65                | 63     | -3%                    | 36%                             |
| 4X4 Truck with Crane   | 2,500           | 2,135             | 2,134  | 0%                     | -17%                            |
| Replace MV Overhead Lines : Great and Klein Brak areas   | 800             | 1,240             | 1,238  | 0%                     | 35%                             |
| Furniture & Office Equipment   | 50              | 9                 | 57     | 85%                    | 12%                             |
| Machinery & Equipment-New  | –               | 48                | 44     | -10%                   | 100%                            |
| Machinery & Equipment-Replacements   | –               | 19                | 35     | 47%                    | 100%                            |
| New Two Way Radios   | 20              | 18                | 18     | 0%                     | -12%                            |
| Upgrading of Mechanical Workshop   | 100             | 114               | 114    | 0%                     | 12%                             |
| Housing  |                 |                   |        |                        |                                 |
| Asazani/Izinyoka Services (Phases 4)   | –               | 15,047            | 3,767  | -299%                  | 100%                            |
| Fencing of eastern boundary of the Diosma Reserve adjacent to Koraalboom Street                                  | 100             | 98                | 98     | 0%                     | -2%                             |
| Refuse removal   |                 |                   |        |                        |                                 |
| Bulk Containers  | 150             | 329               | 328    | 0%                     | 54%                             |
| Recycling Bins   | 90              | 89                | 89     | 0%                     | -1%                             |
| Furniture & Office Equipment   | 5               | 81                | 80     | -1%                    | 94%                             |
| Decibel Meter  | 120             | 148               | 148    | 0%                     | 19%                             |
| Replacement of Vehicle: CBS 11917  | 1,500           | 1,538             | 1,538  | 0%                     | 2%                              |
| Rebuilding of compactor units  | 480             | 255               | 85     | -201%                  | -467%                           |
| Clocking system (KwaNonqaba Transfer Station)  | 15              | –                 | –      | -                      | -                               |
| Stormwater Management and surfacing at KwaNonqaba  | 500             | –                 | –      | -                      | -                               |
| Fencing of existing formalised rubbish dumping area at the back of Marikana Informal Settlement Graceland Street | 25              | 19                | 19     | 0%                     | -32%                            |
| Back hoe machinery   | –               | 1,036             | 1,036  | 0%                     | 100%                            |
| Guard house - Ablution Facilities: General   | 25              | 116               | 116    | 0%                     | 78%                             |
| Recycled Plastic Refuse Street & Wheelie Bins  | –               | 73                | 71     | -3%                    | 100%                            |
| Stormwater   |                 |                   |        |                        |                                 |
| New Soak-away, c/o Bloedrivier & Vegkop  | 500             | 500               | 522    | 4%                     | 4%                              |

| Capital Programme by Project: 2018   |                 |                   |        |                        |                                 |
|--|-----------------|-------------------|--------|------------------------|---------------------------------|
| Capital Project  | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| Formalize SW Channels Great Brak River   | 500             | 500               | 500    | 0%                     | 0%                              |
| Erosion protection Suiderkruis   | 300             | 300               | 299    | 0%                     | 0%                              |
| Improve Stormwater :Amy Searle Greenhaven  | 3,985           | 3,985             | 3,955  | -1%                    | -1%                             |
| Improve Stormwater :Amy Searle Greenhaven  | 455             | 455               | 484    | 6%                     | 6%                              |
| Upgrade S/W at Kiewit, Cupido, Sinkfontein to Alhof-D`Almeida                                    | 1,000           | 1,000             | 1,065  | 6%                     | 6%                              |
| New S/W Bakke/Mossel Street Watercourse  | 5,000           | 5,000             | 4,939  | -1%                    | -1%                             |
| Rehabilitation of embankment at E. Pinea Street,Dana Bay   | 240             | 161               | 134    | -79%                   | -79%                            |
| Improve stormwater system at P.Compacta, Danabaai  | 100             | 100               | 95     | -5%                    | -5%                             |
| Rebuild S/W network in Kerriehout Street   | 950             | 950               | 927    | -3%                    | -3%                             |
| Stormwater channel from Mooney to Frans-Adriaans   | 50              | 58                | 58     | 13%                    | 13%                             |
| Economic development   |                 |                   |        |                        |                                 |
| Air Conditioner-Indoor Centre  | 15              | 15                | 15     | 0%                     | 0%                              |
| Paving-Erf 6412  | 200             | 200               | 200    | 0%                     | 0%                              |
| New Cameras (Social)   | 6               | 20                | 19     | -3%                    | 72%                             |
| New Cameras (Youth)  | 6               | 5                 | 5      | 0%                     | -8%                             |
| Furniture & Office Equipment   | 2               | 2                 | 2      | 0%                     | 2%                              |
| Furniture & Office Equipment   | –               | 16                | 15     | -4%                    | 100%                            |
| Furniture & Office Equipment-New-Socio Economic Development                                      | 35              | 23                | 24     | 0%                     | -48%                            |
| Furniture & Office Equipment-New(Indoor)   | 25              | 20                | 20     | 0%                     | -24%                            |
| Furniture, Tools and Equipment-Donated Assets  | –               | –                 | 28     | 100%                   | 100%                            |
| Digital Camera   | 10              | 6                 | 6      | 0%                     | -64%                            |
| 2 X Telephone Head Sets for Call Centre  | 10              | 11                | 11     | -1%                    | 9%                              |
| Data Projector-Public Participation  | 15              | 5                 | 5      | 0%                     | -185%                           |
| Computer Desk Screen   | 10              | 7                 | 7      | 0%                     | -44%                            |
| Loud Hailer System for Bakkie  | 8               | 7                 | 7      | 0%                     | -15%                            |
| Erecting of Garage Door in Hartenbos   | 16              | –                 | –      | -                      | -                               |
| Erecting of containers at Ward 13, Mayixhale Street, Great Brak River and Taxi Rank at Asla Park | 400             | 420               | 418    | -1%                    | 4%                              |



| Capital Programme by Project: 2018   |                 |                   |        |                        |                                 |
|--|-----------------|-------------------|--------|------------------------|---------------------------------|
| Capital Project  | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| Purchase of Sound System   | 30              | 22                | 22     | 0%                     | -35%                            |
| Clock Machine-Youth Café   | 24              | 21                | 21     | 0%                     | -15%                            |
| Replacement of Gate-Hartenbos  | 35              | 4                 | 4      | 0%                     | -699%                           |
| Revamp of Indoor Sports Centre   | 500             | 535               | 361    | -48%                   | -38%                            |
| HIV/AIDS Candles with Chandeliers  | 5               | 5                 | –      | -                      | -                               |
| Civic Park renovation of Creche  | 120             | 75                | –      | -                      | -                               |
| Extension of Vusisizwe Creche Joe Slovo  | 200             | 200               | 200    | 0%                     | 0%                              |
| Establishment of business hives in Mossel Bay_V.P.U.U  | –               | 1,316             | 587    | -124%                  | 100%                            |
| Establishment of business hives in Mossel Bay_C.R.R  | –               | 863               | –      | -100%                  | 0%                              |
| Thusong Centre Phase 2   | 219             | 219               | 217    | -1%                    | -1%                             |
| Thusong Centre Phase 2   | 285             | 285               | 283    | -1%                    | -1%                             |
| Installation of a network Data Point in the Thusong Centre Manager   | –               | 2                 | 2      | -20%                   | 100%                            |
| Sports, Arts & Culture   |                 |                   |        |                        |                                 |
| Machinery & Equipment-New  | 5               | 5                 | 5      | -6%                    | -6%                             |
| Machinery & Equipment-Replacement  | 10              | 9                 | 9      | 0%                     | -11%                            |
| Construction of Wheelchair friendly Ramps towards beachfront at Diaz Beach at 2 Kuilen, between Sea Cottage and Trio Tower | 200             | 180               | 169    | -6%                    | -18%                            |
| Machinery & Equipment-New  | 60              | 60                | 61     | 2%                     | 2%                              |
| Playing equipment in play park at Buisplaas  | 80              | –                 | –      | -                      | -                               |
| Playpark for children in Asla  | 80              | 56                | 56     | 0%                     | -43%                            |
| New Play Parks: Scholtz and Zingisa Street   | 80              | 56                | 56     | 0%                     | -43%                            |
| New Play Parks: Faku & Malusi Street   | 80              | 56                | 56     | 0%                     | -43%                            |
| New Play Parks: At corner of Adriaans Drive and Nkosana Mbangi street  | 80              | 56                | 56     | 0%                     | -43%                            |
| New Play Parks: Great Brak River   | 80              | 56                | 56     | 0%                     | -43%                            |
| Play Park-Sonskynvallei  | –               | 75                | 75     | 0%                     | 100%                            |
| MINI MULTIPURPOSE PLAYPARK on open space at the back of Bersig Flats Corner of Grunter and Barracuda Street with fencing   | 200             | 200               | 192    | -4%                    | -4%                             |
| Braai place in the park at Herbertsdale  | 10              | 6                 | 6      | 0%                     | -79%                            |
| New Fence between Tolbos and Peperboom Street  | –               | 384               | 381    | -1%                    | 100%                            |
| Tractor mounted blower-mower   | 35              | 32                | 32     | 0%                     | -10%                            |

| Capital Programme by Project: 2018  |                 |                   |        |                        |                                 |
|---|-----------------|-------------------|--------|------------------------|---------------------------------|
| Capital Project   | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| Gym Trim Course at Danabaai Community Hall  | 25              | 22                | 22     | 0%                     | -14%                            |
| Disability friendly walkways and steps in Greatbrak, Glentana and Tergniet areas or all inclusive | 120             | 120               | –      | -100%                  | -                               |
| Play Park Equipment and Skate Park Ward 6   | 300             | –                 | –      | -                      | -                               |
| Furniture & Office Equipment-New  | 15              | 46                | 42     | -8%                    | 64%                             |
| Furniture & Office Equipment-Replacements   | 15              | 31                | 31     | 0%                     | 52%                             |
| Machinery & Equipment-New   | 15              | 38                | 32     | -18%                   | 54%                             |
| Machinery & Equipment-Replacement   | 15              | 15                | 11     | -40%                   | -40%                            |
| Resealing of Two Tennis Court: Hartenbos  | 100             | 72                | 72     | 0%                     | -39%                            |
| Upgrade the Ext 23 KwaNonqaba/D'Almeida Sports Fields B & C                                       | 2,112           | 2,112             | 2,111  | 0%                     | 0%                              |
| Upgrade the Ext 23 KwaNonqaba/D'Almeida Sports Fields B & C                                       | –               | –                 | 1      | 100%                   | 100%                            |
| New Multi Purpose/Soccer goal posts sets  | 55              | 55                | 55     | 0%                     | 0%                              |
| Upgrade Greenhaven Sport Filed  | 800             | 1,147             | 1,138  | -1%                    | 30%                             |
| Upgrade Greenhaven Sport Filed-CRR  | –               | –                 | 33     | 100%                   | 100%                            |
| Stabilisation of gravel embarkment at Sonskynvallei netball court                                 | 120             | –                 | –      | -                      | -                               |
| 2 X Hand operated rollers for cricket pitches   | 30              | 24                | 24     | 0%                     | -25%                            |
| Upgrading of Sport Facilities   | 175             | 175               | 195    | 10%                    | 10%                             |
| Upgrading of Sport Facilities_CRR   | –               | 19                | –      | -                      | -                               |
| Fencing of Cricket Field with gate Ward 4   | 100             | –                 | –      | -                      | -                               |
| Upgrade / Renew kitchen facilities at Cricket and squash clubhouse Ward 4                         | 50              | 50                | 50     | 0%                     | 0%                              |
| Cricket field flood lights Ward 4   | 50              | 40                | 40     | 0%                     | -25%                            |
| Synthetic run-ups for long jump   | –               | 53                | 53     | 0%                     | 100%                            |
| Replacement of Ride-on Mower  | –               | 488               | 487    | 0%                     | 100%                            |
| Construction of new “Jukskei” course  | –               | 6                 | 4      | -44%                   | 100%                            |
|   |                 |                   |        | -                      | -                               |
| Environment   |                 |                   |        |                        |                                 |
| Health  |                 |                   |        |                        |                                 |

| Capital Programme by Project: 2018                                 |                 |                   |        |                        |                                 |
|--|-----------------|-------------------|--------|------------------------|---------------------------------|
| Capital Project  | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000<br>Variance (Act - OB) % |
| <b>Safety and Security</b>   |                 |                   |        |                        |                                 |
| Speed Humps: Wolwedans Road, Great Brak River                      | 25              | 14                | 14     | 0%                     | -85%                            |
| Speed Humps: Umtata Street   | 25              | 22                | 22     | 0%                     | -14%                            |
| Speed Humps: Mzathi Street   | 25              | 22                | 22     | 0%                     | -14%                            |
| Furniture & Office Equipment                                       | 10              | 12                | 11     | -10%                   | 6%                              |
| Computer Equipment-Replacements - Traffic & By-Law Enforcement     | 10              | 9                 | 9      | 0%                     | -10%                            |
| Vehicle Volume Counters  | 66              | 62                | 62     | 0%                     | -6%                             |
| Visitor seating at Motor Vehicle Registration and Driving Licenses | 6               | 5                 | 5      | 0%                     | -15%                            |
| Photocopier-Replacement - Traffic & By-Law Enforcement             | 80              | 72                | 72     | 0%                     | -11%                            |
| Furniture & Office Equipment (Law Enforcement)                     | 5               | 7                 | 6      | -5%                    | 19%                             |
| Bulk Filling Cabinets  | 28              | 25                | 25     | 0%                     | -14%                            |
| Two-Way Portable Radio's   | 36              | 27                | 27     | 0%                     | -34%                            |
| Purchase of Enforcement Patrol Vehicles                            | 535             | 601               | 601    | 0%                     | 11%                             |
| Pro-Laser Speed Measurement Device                                 | 167             | 167               | 146    | -14%                   | -14%                            |
| Surveillance Camera System   | 40              | 37                | 35     | -6%                    | -14%                            |
| Paintball Markers  | 160             | 141               | 132    | -6%                    | -21%                            |
| Torches for conducting night shift enforcement duties              | 19              | 24                | 24     | 0%                     | 20%                             |
| Visible traffic roof blue lights                                   | 15              | 22                | 20     | -9%                    | 27%                             |
| Municipal emblem and reflective vehicle markings                   | 36              | –                 | –      | -                      | -                               |
| Alcohol Breathalyzer   | 18              | 15                | 15     | 0%                     | -18%                            |
| Donated Trailer  | –               | 55                | 55     | 0%                     | 100%                            |

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

None

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

None

## APPENDIX R – DECLARATION OF LOANS AND GRANT MADE BY THE MUNICIPALITY

| Declaration of Loans and Grants made by the municipality: 2018                           |                   |                                      |                            |   |
|--|-------------------|--------------------------------------|----------------------------|---|
| All Organisation or Person in receipt of Loans<br>*/Grants* provided by the municipality | Nature of project | Conditions<br>attached<br>to funding | Value<br>2018<br>R'<br>000 | Total<br>Amount<br>committed<br>over<br>previous<br>and future<br>years |
|  |                   |                                      |                            |   |
| NONE   |                   |                                      |                            |   |
|  |                   |                                      |                            |   |

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

None

## APPENDIX T – AUDIT REPORT 2018

### Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Mossel Bay Municipality

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Mossel Bay Municipality set out on pages 19 to 141, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DORA).

##### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

##### Significant uncertainties

7. With reference to note 55 to the financial statements, the municipality is at risk regarding possible liability claims relating to contractual disputes from third parties. The outcome in this regard was uncertain at year-end and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

8. As disclosed in note 44 to the financial statements, the corresponding figures as at 30 June 2017 have been restated as a result of an error and reclassifications due to mSCOA in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Material impairments

9. As disclosed in notes 11 and 12 to the financial statements, the municipality has provided for the impairment of receivables from exchange transactions amounting to R12 238 706 (2017: R10 783 936) and receivables from non-exchange transactions amounting to R41 827 860 (2017: R76 746 140), respectively.

Other matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary information

11. The supplementary information set out on pages 6 to 18 and 142 to 144 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

#### Report on the audit of the annual performance report

##### Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2018:

| Objectives  | Pages in the annual performance report |
|---|--|
| Strategic objective 1 – create an inclusive, responsive and healthy environment conducive for living and sustainable growth | 189 – 194                              |

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objective:

- Strategic objective 1 – create an inclusive, responsive and healthy environment conducive for living and sustainable growth

#### **Other matter**

22. I draw attention to the matter below.

Achievement of planned targets

23. Refer to the annual performance report on pages 179 to 194 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements, performance reports and annual reports

26. The annual financial statements were not submitted to the auditor-general for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Procurement and contract management

27. Some of the bid documentation for the procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 8(2) of 2017.

### **Other information**

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected objectives presented in the annual performance report that have been specifically reported in the auditor's report.

29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.



30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. No material inconsistencies were identified in the other information. I have nothing to report in this regard.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
33. Management implemented a new system in the current year relating to the preparation of the financial statements, which resulted in the financial statements not being submitted timeously for audit purposes. Certain supply chain prescripts were not adhered to, which resulted in non-compliance and irregular expenditure.

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*Auditor-General*  
Cape Town

23 January 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

### **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

#### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

#### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**VOLUME II: ANNUAL FINANCIAL STATEMENTS**

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# Annual Financial Statements 2018

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**Mossel Bay  
Municipality**

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# MOSSEL BAY MUNICIPALITY



## 2017/18 ANNUAL FINANCIAL STATEMENTS

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June, 2018

### General Information

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|                             |   |
|-----------------------------|---|
| <b>Legal form</b>           | Category B Local Authority  |
| <b>Legislation</b>          | <p>The most important legislation governing Mossel Bay Municipality in terms of financial operations are:</p> <p>Constitution of the Republic of South Africa, 1996 and regulations;</p> <p>Municipal Finance Management Act, (MFMA) 2003 (Act No. 56 of 2003) and regulations issued in terms of the Act;</p> <p>Annual Division of Revenue Act, (DORA) 2012 (Act No. 5 of 2012);</p> <p>Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);</p> <p>Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005);</p> <p>Municipal Structures Act, 1998 (Act No. 117 of 1998) and regulations issued in terms of the Act;</p> <p>Municipal Systems Act, 2000 (Act. No. 32 of 2000) and regulations issued in terms of the Act;</p> <p>Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and the regulations issued in terms of the Act;</p> <p>Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act;</p> <p>Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) and regulations issued in terms of the Act; and</p> <p>Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)</p> <p>This list is however not exhausted.</p> |
| <b>Principal activities</b> | <p>The major principal activities that Mossel Bay Municipality render within its jurisdiction area include:</p> <p>The provision and maintenance of Amenities, such as ablution, recreational, hall facilities; Building control services; Cemeteries; Coastal management and protection; Deforestation; Disaster management; Electricity supply services; Environmental Pollution control and Management; Fires services and prevention; Library services; Law enforcement services, including vehicle and driver registration and traffic services; Park development and maintenance; Creation and maintenance of Parking areas; Refuse Removal services; Social and Economical development; Spatial planning; Street and Storm water services; Street cleaning and Street lighting; Creation, operating and maintaining of Sport facilities; Tourism promotion; Waste water treatment services and Water supply services.</p>  |
| <b>Area of Jurisdiction</b> | Boggomsbaai; Brandwacht; Buysplaas; Danabaai; Friemersheim; Glentana; Great Brak River; Hartenbos; Herbertsdale; KwaNonqaba; Little Brak River; Mossel Bay; Rheeboek; Ruiterbos; Sonskynvallei; Tergniet; and Vleesbaai   |
| <b>Demarcation code</b>     | WC043   |

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June, 2018

### General Information

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#### Mayoral committee:

##### Executive Mayor

Alderman H J Levendal

##### Councillors

Councillor D Kotzé (Deputy Executive Mayor and Chairperson of Corporate Services & Governance Committee)

Councillor J C Bayman (Chairperson of Planning & Integrated Services Committee)

Councillor N Booisen (Chairperson of Community Services Committee)

Councillor M de Klerk (Chairperson of Finance Committee)

Councillor A Dellemijn (Chairperson of Technical Services Committee)

Councillor V Fortuin (Chairperson of Socio & Economic Development and Tourism Committee)

##### Speaker

Alderman P Terblanche

##### Ward Councillors

1 Clr P Lichaba (ANC)

2 Clr N Mbolompo (ANC)

3 Clr W Fipaza (ANC)

4 Clr A Janse van Rensburg (DA)

5 Clr A Dellemijn (DA)

6 Clr M Furness (DA)

7 Clr B Groenewald (DA)

8 Clr D Kotzé (DA)

9 Clr E Meyer (DA)

10 Ald P Terblanche (DA)

11 Clr M de Klerk (DA)

12 Clr W Buda (ANC)

13 Clr R H Ruiters (DA)

14 Clr J C Bayman (DA)

##### Proportional Representative Councillors

Clr E Baron (VF+)

Clr N Bobelo (ANC)

Clr N Booisen (DA)

Clr J Bruinders (ANC)

Clr V Fortuin (DA)

Clr J Gouws (ACDP)

Clr D Kamfer (ICOSA)

Clr M Kannemeyer (DA)

Ald H Levendal (DA)

Clr S Mbandezi (ANC)

Clr T Mvumvu (DA)

Clr L Rauch (DA)

Clr J Siyoko (DA)

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**General Information**

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|                                    |  |
|------------------------------------|--|
| <b>Chief Finance Officer (CFO)</b> | D Asmal CA (S.A.)  |
| <b>Accounting Officer</b>          | Adv T Giliomee<br>101 Marsh Street   |
| <b>Registered office</b>           | Mossel Bay<br>6506   |
| <b>Postal address</b>              | P O Box 25<br>Mossel Bay<br>6500   |
| <b>Bankers</b>                     | Nedbank  |
| <b>Auditors</b>                    | Auditor-General of South Africa<br>Chartered Accountants (S.A.)<br>Registered Auditors |
| <b>Telephone</b>                   | (044) 606-5000   |
| <b>E-mail</b>                      | admin@mosselbay.gov.za   |
| <b>Website</b>                     | <a href="http://www.mosselbay.gov.za">http://www.mosselbay.gov.za</a>                  |



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June, 2018

### Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

|                           |           |
|---------------------------|-----------|
| Supplementary Information | 140 - 143 |
|---------------------------|-----------|

#### Abbreviations:

|             |   |
|-------------|---|
| COID        | Compensation for Occupational Injuries and Diseases   |
| CRR         | Capital Replacement Reserve   |
| DBSA        | Development Bank of South Africa  |
| EPWP        | Expanded Public Works Programme   |
| FMG         | Finance Management Grant  |
| FMSG        | Financial Management Support Grant  |
| GRAP        | Generally Recognised Accounting Practice  |
| HDF         | Housing Development Fund  |
| IAS         | International Accounting Standards  |
| DORA        | Division of Revenue Act   |
| IPSAS       | International Public Sector Accounting Standards  |
| MEC         | Member of the Executive Council   |
| MFMA        | Municipal Finance Management Act  |
| MIG         | Municipal Infrastructure Grant  |
| SALGA       | South African Local Government Association  |
| RSEP / VPUU | Regional Socio-Economic Programme and Violence Prevention through Urban Upgrading Programme |
| SEIF        | Shared Economic Infrastructure Facility Grant   |
| LGSETA      | Local Government Sector Education Training Authority  |
| WIP         | Work-in-progress  |

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

### **Accounting Officer's Responsibilities and Approval**

---

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June, 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 19 to 140, which have been prepared on the going concern basis, were approved by the accounting officer on 10 December 2018 and were signed on its behalf by:



**Adv T Giliomee**  
**Accounting Officer**

**Mossel Bay**  
**10 December, 2018**

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Chief Financial Officer's Report**

---

**1. INTRODUCTION**

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2018 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

**2. KEY FINANCIAL INDICATORS**

The following are some of the key financial indicators, comparing the 2018 financial year's performance of the Municipality to the 2017 comparative figures:

| <b>Ratio Description</b>                           | <b>2018</b> | <b>2017</b> |
|--|-------------|-------------|
| <b>Revenue Management</b>                          |             |             |
| Level of reliance on Government grants             | 16.7 %      | 15.5 %      |
| Actual income vs Budgeted income*                  | 0.1 %       | (2.3)%      |
| <b>Expenditure Management</b>                      |             |             |
| Personnel costs to total expenditure               | 30.1 %      | 26.7 %      |
| Actual expenditure vs Budgeted expenditure*        | (7.2)%      | (13.4)%     |
| Interest paid as a percentage of total expenditure | 1.3 %       | 0.9 %       |
| Repairs and Maintenance / PPE (carrying amount)    | 4.3 %       | 3.8 %       |
| Repairs and Maintenance / Total expenditure        | 10.2 %      | 9.5 %       |
| <b>Asset Management</b>                            |             |             |
| Actual versus Budgeted Capital Expenditure         | (9.9)%      | (4.7)%      |
| Stockholding period (DAYS)**                       | 30 days     | 18 days     |
| <b>Debt Management</b>                             |             |             |
| Creditors payment period (DAYS)                    | 33 days     | 42 days     |
| Debtors collection period (DAYS)                   | 5 days      | 20 days     |
| <b>Liquidity</b>                                   |             |             |
| Current ratio                                      | 2.7 : 1     | 2.5 : 1     |
| Acid Test ratio                                    | 2.5 : 1     | 2.4 : 1     |
| Turnover of accounts receivable                    | 11.1 : 1    | 13.4 : 1    |
| Cash to interest                                   | 1.6 : 1     | 6.5 : 1     |
| Debt to Cash                                       | 1.0 : 1     | 1.0 : 1     |
| Cash to Income                                     | 0.1 : 1     | 0.4 : 1     |
| Total Liabilities / Total Assets                   | 0.1 : 1     | 0.1 : 1     |

\*The total variance between budgeted and actual amounts is provided as a percentage variance

\*\*The stockholding period is inflated as a result of the Housing stock that is included in inventory, if this line item is taken out of the calculation, the stock holding period is 11 days for 2018.

**2.1 Borrowing, funding and reserves policy**

The Borrowing, Funds and Reserves policy of Council, makes the measurement of the following ratios compulsory:

**Finance costs to total expenditure**

The approved policy by Council determines that the interest paid to total expenditure may not exceed 5%. The table below provides the measurement of the current year against the results of the previous year.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Chief Financial Officer's Report**

---

|   | 2018         | 2017         |
|---|--------------|--------------|
| <b>Finance costs to total expenditure</b> | <b>1.3 %</b> | <b>0.9 %</b> |
| Total Finance costs                       | 11,060,147   | 7,160,893    |
| Total Operating expenditure               | 878,190,319  | 797,632,184  |

Interest paid to total expenditure is well within the norm of 5%.

**Total long term debt to total operating revenue**

The approved policy by Council determines that the total long term debt to total operating revenue (excluding conditional grants and transfers) must not exceed 35%. The table below provides the measurement of the current year against the results of the previous year.

|   | 2018         | 2017         |
|---|--------------|--------------|
| <b>Total long term debt to total operating revenue (excluding conditional grants and transfers)</b> | <b>4.1 %</b> | <b>3.9 %</b> |
| Total Long-term debt  | 33,887,371   | 31,099,759   |
| Total Operating Revenue (excluding conditional grants and transfers)                                | 817,688,178  | 791,195,878  |

This percentage of long term debt to operating revenue is well within the approved policy of Council of 35%.

**Cash generation from operating activities**

The approved policy by Council determines that the cash generation from operating activities must at least cover the annual loan repayments once. The table below provides the measurement of the current year against the results of the previous year.

|   | 2018        | 2017        |
|---|-------------|-------------|
| <b>Coverage of Annual loan repayments by cash generated from operating activities (Times)</b> | <b>54</b>   | <b>84</b>   |
| Cash generated from operating activities  | 152,380,638 | 211,839,900 |
| Annual loan repayments  | 2,812,388   | 2,521,737   |

The Municipality does not have a high reliance on loans, thus the ratio is favourable. The coverage of cash generated from operating activities to the annual loan repayment is well above the norm of 1 time.

**Percentage of annual loan repayment to total operating expenditure**

The approved policy by Council determines that the percentage of total annual loan repayment (Capital and Interest) to total operating expenditure must not be more than 10%. The table below provides the measurement of the current year against the results of the previous year.

|   | 2018         | 2017        |
|---|--------------|-------------|
| <b>Percentage of annual loan repayment to total expenditure</b> | <b>1.6 %</b> | <b>1 %</b>  |
| Annual loan repayments (Interest & capital)                     | 13,872,535   | 9,682,630   |
| Total Operating expenditure                                     | 878,190,319  | 797,632,184 |

The Municipality does not have a high reliance on loans and thus the amount relating to repayments of loans are low. The percentage of annual loan repayment to total expenditure is well within the norm of 10%.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Chief Financial Officer's Report**

---

**2.2 Liquidity policy**

The liquidity policy makes the measurement of the following ratios compulsory:

**Cash/Cost Coverage Ratio**

The approved policy by Council determines that the Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants) must be calculated as ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets) and that a coverage of 1-3 times is acceptable.

|  | <b>2018</b>  | <b>2017</b>  |
|--|--------------|--------------|
| <b>Cash / Cost Coverage ratio (Times)</b>      | <b>5.9</b>   | <b>6.4</b>   |
| Cash and cash equivalents                      | 389,476,032  | 379,379,157  |
| Monthly Fixed Operational Expenses             | 66,029,102   | 58,863,631   |
| <b>Cash and cash equivalents</b>               |              |              |
| Petty cash and bank balances                   | 9,345,964    | 16,196,179   |
| Unspent conditional grants and receipts        | (36,772,905) | (37,963,298) |
| Short-term deposits                            | 5,003,562    | 35,337,048   |
| Short term investments                         | 411,899,411  | 365,809,228  |
|  | 389,476,032  | 379,379,157  |
| <b>Monthly Fixed Operational Expenditure</b>   |              |              |
| Total average monthly expenditure for the year | 73,182,527   | 66,469,349   |
| Less:  |              |              |
| Depreciation & Amortisation                    | (5,613,824)  | (5,597,797)  |
| Provision for Bad Debts                        | (1,454,470)  | (2,007,921)  |
| Impairment and loss on disposal of assets      | (85,131)     | -            |
|  | 66,029,102   | 58,863,631   |

The cash/cost coverage ratio is above the norm of 1-3 times as per liquidity policy and decreased from the previous year mainly due to the fact that the average monthly cost increased in proportion.

**Current ratio**

The purpose of this ratio is to measure the municipality's ability to meet its short term commitments.

The approved policy by Council guides that the current ratio should be between 1,5:1 and 2:1. The table below provides the measurement of the current year against the results of the previous year.

|                      | <b>2018</b> | <b>2017</b> |
|----------------------|-------------|-------------|
| <b>Current ratio</b> | <b>2.7</b>  | <b>2.5</b>  |
| Current Assets       | 579,443,975 | 531,037,361 |
| Current liabilities  | 211,701,216 | 214,348,655 |

The municipality operates above the norm set by Council. The ratio improved since the end of the previous year

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**2.3 Other ratio's of importance**

**a) Debtors collection period in days**

This ratio reflects the collection period. The debtor days refers to the average number of days required for the municipality to receive payment from its customers for bills/invoices issued to them for services. The ratio is also a good indication of the effectiveness of credit control procedures within the municipality. If the ration is above the norm, it indicates that the municipality is exposed to significant cash flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it. In addition, this indicates that a significant amount of potential cash is tied up in consumer debtors and the municipality must improve revenue and cash flow management.

The norm is 30 days. The table below provides the measurement of the current year against the results of the previous year.

|   | 2018          | 2017          |
|---|---------------|---------------|
| <b>Debtors collection period (days)</b>           | <b>5.3</b>    | <b>20.3</b>   |
| Consumer debtors * 365                            | 3,756,234,155 | 3,642,211,337 |
| Rates revenue + Services revenue + Debtors income | 715,248,408   | 672,087,200   |

The municipality operates within the norm. The ratio has improved measured against the result of the last financial year.

**b) Level of reliance on government grants**

The ratio measures the extent to which the municipality's expenditure is funded through government grants and subsidies.

No norm is proposed at this time by National Treasury. It must be mentioned that National Treasury does promote a healthy balance of funding sources.

The table below provides the measurement of the current year against the results of the previous year.

|   | 2018               | 2017               |
|---|--------------------|--------------------|
| <b>Level of reliance on government grants</b> | <b>16.7 %</b>      | <b>15.5 %</b>      |
| Government grants and subsidies               | 164,085,506        | 145,518,904        |
| <b>Total revenue</b>                          | <b>981,773,684</b> | <b>936,714,782</b> |

The results indicates that the municipality is not dependent on grant funding to run its normal operations.

**c) Implementation of the capital program**

This ratio measures the extent to which budgeted capital expenditure has been spent during the financial year under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance above 5% indicates discrepancies in planning and budgeting which should be investigated and corrective measures implemented. Under-spending is also an indicate that the municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programs and/or projects. Overspending may also indicate inaccurate budgeting or poor financial management control.

The norm range between a 0% and 5% variance.

The table below provides the measurement of the current year against the results of the previous year.

|   | 2018          | 2017          |
|---|---------------|---------------|
| <b>Actual versus Budgeted Capital Expenditure</b>         | <b>(9.9)%</b> | <b>(4.7)%</b> |
| Actual capital expenditure - Budgeted capital expenditure | (15,158,106)  | (7,127,085)   |
| Budgeted Capital Expenditure                              | 152,994,533   | 152,376,474   |

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The municipality is functioning outside the norm. The main reasons for underspending on capital expenditure are due to housing project progress delays caused by the delay of the contractor's services that was terminated due to poor performance, late transfer of funds for RSEP grant and a delay with the shipment of the equipment as it was imported and it arrived in South Africa on 31 July 2018.

**d) Implementation: Operational Revenue**

This ratio measures the extent of actual operating revenue (excluding Capital Grant Revenue) received in relation to budgeted operating revenue during the financial year, under review. A ratio outside the norm indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the municipality.

The norm range between a 0% and 5% variance.

The table below provides the measurement of the current year against the results of the previous year.

|   | <b>2018</b>  | <b>2017</b>   |
|---|--------------|---------------|
| <b>Actual revenue vs Budgeted Revenue</b> | <b>0.1 %</b> | <b>(2.3)%</b> |
| Actual Revenue - Budgeted revenue         | 1,191,551    | (21,312,253)  |
| Budgeted revenue                          | 980,582,133  | 915,946,021   |

The municipality is functioning within the norm.

**e) Implementation: Operational Expenditure**

This ratio measures the extent to which budgeted operating expenditure has been spent during the financial year, under review. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance outside the norm either indicate a challenge in capacity to implement, issues of financial controls and management and / or poor budgeting.

The norm range between a 0% and 5% variance.

The table below provides the measurement of the current year against the results of the previous year.

|   | <b>2018</b>   | <b>2017</b>    |
|---|---------------|----------------|
| <b>Actual operating expenditure vs Budgeted operating expenditure</b> | <b>(7.2)%</b> | <b>(13.4)%</b> |
| Actual expenditure - Budgeted expenditure                             | (67,710,466)  | (112,501,643)  |
| Budgeted expenditure  | 939,462,132   | 840,403,554    |

The municipality is functioning outside the norm. The main reason for under-spending on the operating expenditure budget are the slow progress on expenditure on top structures.

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**3. LIQUIDITY POSITION OF THE MUNICIPALITY**

There are two main liquidity ratios that can be used to analyse the liquidity position of the municipality, namely the Current and Acid Test ratios. There are various other ratios that can be utilised to assess the municipality's liquidity position.

The calculations of these ratios is as follows:

| <b>Ratio Description</b>        | <b>Formula</b>                | <b>2018</b>               | <b>2017</b>               |
|---------------------------------|-------------------------------|---------------------------|---------------------------|
| Current ratio                   | Current Assets                | 579,443,975               | 531,037,361               |
|                                 | Current liabilities           | 211,701,216<br><b>2.7</b> | 214,348,655<br><b>2.5</b> |
| Acid Test ratio                 | Current Assets - Inventory    | 529,785,607               | 503,786,370               |
|                                 | Current liabilities           | 211,701,216<br><b>2.5</b> | 214,348,655<br><b>2.4</b> |
| Turnover of accounts receivable | Revenue (credit)              | 907,907,120               | 872,430,784               |
|                                 | Accounts receivable           | 81,519,459<br><b>11.1</b> | 65,125,993<br><b>13.4</b> |
| Debt to cash                    | Total Liabilities             | 421,450,476               | 401,636,118               |
|                                 | Cash balance at end of period | 426,248,937<br><b>1.0</b> | 417,342,456<br><b>1.0</b> |

The above ratios show that the municipality is in a liquid position, with current assets of double the current liabilities. The ratio for the year under review has improved slightly compared to the previous year. The municipality generates 11.1 times more revenue than what the outstanding accounts are.

The following table shows the history of the current year ratio for the municipality

|               | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current ratio | 2.3         | 2.4         | 2.4         | 2.7         | 2.5         | 2.7         |

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**4. OPERATING RESULTS**

**Summary of results**

Details of the operating results per segmental classification are included in the supplementary information while operational results per category, together with an explanation of significant variances of more than 10 per cent from the final budget, are included in the Statement of Comparison of Budget and Actual amounts.

These amounts are based on the total position of the municipality (including non-cash transactions):

| <b>Income</b>                      | <b>Actual<br/>2018</b> | <b>Actual<br/>2017</b> | <b>Variance</b> | <b>Adjusted<br/>budget<br/>2018</b> | <b>Variance</b> |
|------------------------------------|------------------------|------------------------|-----------------|-------------------------------------|-----------------|
| Opening surplus / (deficit)        | 2,596,504,797          | 2,472,027,696          | 5.0 %           | -                                   | -               |
| Operating income for the year      | 981,773,684            | 936,714,782            | 4.8 %           | 980,582,133                         | 0.1 %           |
| Appropriations for the year        | 2,353,068              | (14,605,526)           | -               | -                                   | -               |
|                                    | <b>3,580,631,549</b>   | <b>3,394,136,952</b>   | <b>5.5 %</b>    | <b>980,582,133</b>                  |                 |
| <hr/>                              |                        |                        |                 |                                     |                 |
| <b>Expenditure</b>                 | <b>Actual<br/>2018</b> | <b>Actual<br/>2017</b> | <b>Variance</b> | <b>Adjusted<br/>budget<br/>2018</b> | <b>Variance</b> |
| Operating expenditure for the year | 878,190,319            | 797,632,184            | 10.1 %          | 940,159,663                         | (6.6)%          |
| Closing surplus / (deficit)        | 2,702,441,230          | 2,596,504,768          | 4.1 %           | -                                   | -               |
|                                    | <b>3,580,631,549</b>   | <b>3,394,136,952</b>   | <b>5.5 %</b>    | <b>940,159,663</b>                  |                 |

The accumulated surplus at 30 June 2018 amounted to R2,702 million. The accumulated surplus of R2,597 million at 30 June 2017 was restated with previous year corrections. Refer to note 44 for more detail.

The operating income increased by 4.9% to R981.8 million from the previous financial year's income of R936.7 million. The operating expenditure increased by 10.1% to R878.2 million.

The municipality's financial statements ended on a surplus of R103.6 million for the year.

**Operating revenue and expenditure**

The following table indicates the municipality's major revenue sources for the year under review compared to the prior year:

| <b>Operating revenue as a percentage of total revenue</b> | <b>2018</b>  | <b>2017</b>  |
|---|--------------|--------------|
| Service charges   | 61.3 %       | 60.4 %       |
| Rental of facilities and equipment                        | 0.5 %        | 0.5 %        |
| Agency services   | 0.6 %        | 0.6 %        |
| Interest received - outstanding debtors                   | 0.2 %        | 0.2 %        |
| Interest received - external investments                  | 3.9 %        | 3.7 %        |
| Gain on disposal of assets and liabilities                | - %          | 0.1 %        |
| Other income  | 3.6 %        | 3.1 %        |
| Property rates  | 11.4 %       | 11.1 %       |
| Licences and Permits                                      | 0.1 %        | 0.1 %        |
| Government grants & subsidies received                    | 16.7 %       | 15.5 %       |
| Public contributions and donations                        | 0.3 %        | 1.3 %        |
| Fines, Penalties and Forfeits                             | 1.4 %        | 3.4 %        |
|   | <b>100 %</b> | <b>100 %</b> |

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The table below indicates the municipality's major types of expenditure for the year compared to the previous year:

| <b>Operating expenditure as a percentage of total expenditure</b> | <b>2018</b>  | <b>2017</b>  |
|---|--------------|--------------|
| Employee related costs  | 30.1 %       | 26.7 %       |
| Remuneration of councillors                                       | 1.2 %        | 1.2 %        |
| Depreciation and amortisation                                     | 7.7 %        | 8.4 %        |
| Impairment loss/ Reversal of impairments                          | 0.01 %       | (0.04)%      |
| Debt Impairment / Bad debts written off                           | 2.0 %        | 3.0 %        |
| Finance costs   | 1.3 %        | 0.9 %        |
| Bulk purchases  | 30.5 %       | 33.3 %       |
| Contracted services   | 11.1 %       | 11.5 %       |
| Transfers and subsidies paid                                      | 0.5 %        | 0.5 %        |
| Loss on disposal of assets and liabilities                        | 0.1 %        | - %          |
| Inventories losses/write-downs                                    | 0.6 %        | 1.0 %        |
| Cost of sales/Inventory consumed                                  | 8.7 %        | 7.8 %        |
| General Expenses  | 6.2 %        | 5.7 %        |
|   | <b>100 %</b> | <b>100 %</b> |

## 5. CAPITAL EXPENDITURE AND FINANCE

The capital expenditure for the year as stated in the financial statements amounted to R137,836,426 and is broken down as follows:

|                                 |                    |              |
|---------------------------------|--------------------|--------------|
| <b>Service area</b>             |                    |              |
| Community services / facilities | 12,171,626         | 8.8          |
| Electricity                     | 25,522,455         | 18.5 %       |
| Housing                         | 3,864,956          | 2.8 %        |
| Refuse                          | 4,520,894          | 3.3 %        |
| Sanitation                      | 14,328,231         | 10.4 %       |
| Streets and Storm water         | 38,746,226         | 28.1 %       |
| Water                           | 29,800,855         | 21.6 %       |
| Other                           | 8,881,183          | 6.4 %        |
|                                 | <b>137,836,426</b> | <b>100 %</b> |

The capital expenditure was financed as follows:

|                             |                    |              |
|-----------------------------|--------------------|--------------|
| <b>Source of Finance</b>    |                    |              |
| Capital Replacement Reserve | 95,488,919         | 69.3 %       |
| Grants and Subsidies        | 33,260,776         | 24.1 %       |
| Public Contributions        | 3,489,651          | 2.5 %        |
| External loans              | 5,597,080          | 4.1 %        |
|                             | <b>137,836,426</b> | <b>100 %</b> |

Property, plant and equipment is funded to a large extent from the Capital Replacement Reserve.

## 6. FINANCIAL SUSTAINABILITY

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets. Following are a few graphs on various financial ratios that show the past 7 years' information, the current year information and 3 budget years' information.

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|          | Liquidity     | Liquidity                     | Activity                          | Solvency                                  | Cash Flow                                 | Cash Flow                                |
|----------|---------------|-------------------------------|-----------------------------------|---|---|--|
|          | Current ratio | Debtors payment period (days) | Inventory turnover ratio          | Total assets to liabilities               | Current liabilities coverage              | Capital expenditure coverage             |
| 2009     | 3.12          | 42                            | 14.00                             | 10.29                                     | 1.09                                      | 0.96                                     |
| 2010     | 2.28          | 45                            | 13.00                             | 9.15                                      | 0.18                                      | 0.15                                     |
| 2011     | 1.70          | 35                            | 15.00                             | 7.70                                      | 1.50                                      | 1.08                                     |
| 2012     | 2.29          | 30                            | 10.00                             | 5.73                                      | 0.60                                      | 0.67                                     |
| 2013     | 2.27          | 24                            | 9.00                              | 6.31                                      | 0.98                                      | 1.09                                     |
| 2014     | 2.35          | 26                            | 26.00                             | 7.53                                      | 0.98                                      | 1.30                                     |
| 2015     | 2.39          | 51                            | 20.00                             | 7.36                                      | 1.05                                      | 1.60                                     |
| 2016     | 2.66          | 12                            | 13.00                             | 7.63                                      | 0.99                                      | 1.22                                     |
| 2017     | 2.50          | 20                            | 18.00                             | 7.45                                      | 0.96                                      | 1.41                                     |
| 2018     | 2.70          | 11                            | 29.00                             | 7.74                                      | 0.54                                      | 0.84                                     |
| 2019     | 2.60          | 18                            | 12.00                             | 7.51                                      | 0.81                                      | 0.83                                     |
| (budget) |               |                               |                                   |   |   |  |
| 2020     | 2.50          | 19                            | 11.00                             | 6.76                                      | 0.96                                      | 0.74                                     |
| (budget) |               |                               |                                   |   |   |  |
| 2021     | 2.60          | 21                            | 9.00                              | 6.66                                      | 1.06                                      | 0.97                                     |
| (budget) |               |                               |                                   |   |   |  |
|          |               | Debt ratio                    | Income & Expenditure Trends       | Income & Expenditure Trends               | Income & Expenditure Trends               | Income & Expenditure Trends              |
|          |               | Debt to cash                  | Government Grants as % of Revenue | Employee related cost as % of expenditure | Repairs & maintenance as % of expenditure | Debt impairment cost as % of expenditure |
| 2009     |               | 0.79                          | 15.80                             | 31.50                                     | 8.40                                      | 3.00                                     |
| 2010     |               | 1.15                          | 18.00                             | 34.40                                     | 6.60                                      | 2.80                                     |
| 2011     |               | 1.40                          | 25.70                             | 27.40                                     | 4.90                                      | 3.20                                     |
| 2012     |               | 1.72                          | 14.60                             | 26.20                                     | 6.20                                      | 2.90                                     |
| 2013     |               | 1.70                          | 16.50                             | 30.60                                     | 6.00                                      | 2.40                                     |
| 2014     |               | 1.30                          | 15.00                             | 30.10                                     | 5.40                                      | 4.50                                     |
| 2015     |               | 1.19                          | 15.80                             | 29.20                                     | 5.40                                      | 4.80                                     |
| 2016     |               | 1.12                          | 15.60                             | 28.90                                     | 6.50                                      | 3.50                                     |
| 2017     |               | 1.00                          | 15.50                             | 26.69                                     | 9.50                                      | 3.00                                     |
| 2018     |               | 1.00                          | 16.71                             | 30.12                                     | 9.80                                      | 2.00                                     |
| 2019     |               | 1.22                          | 16.93                             | 29.61                                     | 11.40                                     | 1.90                                     |
| 2020     |               | 1.41                          | 18.97                             | 29.45                                     | 11.30                                     | 1.76                                     |
| 2021     |               | 1.41                          | 19.41                             | 29.82                                     | 11.10                                     | 1.66                                     |

## 7. CAPITAL REPLACEMENT RESERVE

The Capital Replacement Reserve balance as at 30 June 2018 amounted to R138,849,300 ( R141,173,950 as at 30 June 2017).

The Capital Replacement Reserve is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital program.

Refer to the Statement of Changes in Net Assets for more detail.

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**8. EXTERNAL LOANS, INVESTMENTS AND CASH**

On 30 June 2018 the external loans amounted to R33,842,799 (R30,993,649 on 30 June 2017). The municipality has taken up and repaid loans to the net effect of R2,787,612 during the year.

The municipality's cashbook showed a positive balance of R9,326,904 (R16,177,119 on 30 June 2017) and Petty Cash to the amount of R19,060 (R19,060 on 30 June 2017) on 30 June 2018. The external investments shorter than 3 months amounted to R5,003,562 against the R35,337,048 of the previous year. The Short term investments longer than 3 months but shorter than 12 months amounted to \$411,899,411 against the \$365,809,228 of the previous year. The municipality also has a long term investment that amounts to additional contribution of R12m per year.

More particulars regarding external loans and investments appear in Notes 8, 14, 15 and 16 of the Annual Financial Statements, as well as in the Supplementary Information.

**9. PROVISIONS**

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Provisions amounted to R78,605,215 as at 30 June 2018 (R75,135,552 as at 30 June 2017) and are made up as follows:

|                                  | <b>2018</b> | <b>2017</b> |
|----------------------------------|-------------|-------------|
| Rehabilitation of Landfill Sites | 78,605,215  | 75,135,552  |

Refer to Note 19 of the Annual Financial Statements for more detail.

**10. LIQUIDITY REQUIREMENTS**

The table below shows the allocation of the investment portfolio toward the funding of various obligations:

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| <b>Liquidity Requirement Calculation (as stipulated in paragraph 4)</b>  | <b>2018</b>        | <b>2017</b>        |
|--|--------------------|--------------------|
| All earmarked and / or conditional grants received but not yet utilised  | 36,772,905         | 37,963,298         |
| Value of the provisions held in cash for the rehabilitation of landfill sites to the extent that these funds are required within the following 5 years | 78,605,215         | 75,135,552         |
| Value of legally entrenched short term rights and benefits of employees related to medical benefits and retirement benefits                            | 27,856,681         | 28,161,220         |
| Unspent Loan Funds   | -                  | -                  |
| Funds held for agency services not yet performed   | -                  | -                  |
| Reserve funds reflected in Statement of Financial Position that are assumed to be held in cash   | 138,849,299        | 141,173,950        |
| Capital redemption and interest payments on external loans not reflected as part of normal operating expenditure                                       | 3,119,528          | 2,778,192          |
| 1 months operational expenditure excluding non-cash items  | 66,029,102         | 58,863,631         |
| Consumer deposits  | 25,624,225         | 23,240,670         |
| Other Deposits and Other Advance Payments  |                    |                    |
| - Retentions   | 10,401,799         | 9,652,329          |
| - Payments received in advance   | 28,905,228         | 26,603,211         |
| - Other deposits   | 4,232,337          | 3,700,165          |
| Non-current deposit: Pavilion  | 286,755            | 274,541            |
| Reserve funds for Landfill site provision  | 10,000,000         | -                  |
| Reserve funds for Self-insurance Reserve   | 19,000,000         | -                  |
| <b>Total liquidity requirements</b>  | <b>449,683,074</b> | <b>407,546,759</b> |

**Actual available liquidity held (reference paragraph 4)**

|   |                    |                    |
|---|--------------------|--------------------|
| Bank balances at e.g.   |                    |                    |
| - ABSA, FNB, Standard Bank, Nedbank, Investec, Money Market                         |                    |                    |
| Bank balances sub total   | 9,345,964          | 16,196,179         |
| 95% of all other term deposits with banks   | 4,753,384          | 33,570,196         |
| 95% of all Short term investments with banks  | 391,304,440        | 347,518,767        |
| 95% of all Long term investments with banks   | 34,200,000         | 22,800,000         |
| Consumer debtors (current - 60 days)  | 34,744,178         | 38,097,182         |
| Other reserves held in cash not reflected in bank balances mentioned above for e.g. |                    |                    |
| - Unspent conditional grants  | -                  | -                  |
| - Payments received for agency functions not yet performed                          | -                  | -                  |
| - The cash value of reserves held   | -                  | -                  |
| - Cash deposits held as part of loan covenant ceded                                 | -                  | -                  |
| - Undrawn bank overdraft facility of committed liquidity lines available            | -                  | -                  |
| <b>Total liquidity available</b>  | <b>474,347,966</b> | <b>458,182,324</b> |

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Liquidity surplus / (shortfall)</b> | <b>24,664,892</b> | <b>50,635,565</b> |
|--|-------------------|-------------------|

**11. EMPLOYEE BENEFITS**

These liabilities are in order to enable the municipality to be in a position to fulfil its known legal obligations with regards to employee benefits when they become due and payable.

The employee benefits liability amounted to R130,572,681 as at 30 June 2018 ( R116,307,220 as at 30 June 2017) and is made up as follows:

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|   | <b>2018</b>        | <b>2017</b>        |
|---|--------------------|--------------------|
| Post-Employment Health Care Benefits          | 90,629,000         | 78,430,000         |
| Ex-Gratia Gratuities                          | 1,475,000          | 1,546,000          |
| Long Service Awards                           | 16,572,000         | 15,326,000         |
| Employee overtime / standby allowance accrual | 1,090,860          | 1,059,393          |
| Employee bonus accrual                        | 5,157,635          | 4,965,196          |
| Staff leave accrual                           | 14,691,330         | 14,227,038         |
| Performance bonus accrual                     | 956,856            | 753,593            |
|   | <b>130,572,681</b> | <b>116,307,220</b> |

Refer to Note 18 of the Annual Financial Statements for more detail.

**12. CURRENT LIABILITIES**

Current liabilities are those liabilities of the municipality due and payable in the short term (less than 12 months). No indication is found that the municipality would be unable to meet its obligations. Current liabilities amounted to R211,701,216 as at 30 June 2018 ( R214,348,655 as at 30 June 2017) and are made up as follows:

|   |         | <b>2018</b>        | <b>2017</b>        |
|---|---------|--------------------|--------------------|
| Operating lease accrual                 | Note 10 | 1,845,156          | 1,673,414          |
| Other financial liabilities             | Note 16 | 3,236,143          | 2,802,941          |
| Finance lease obligation                | Note 17 | 12,944             | 225,676            |
| Employee benefit obligation             | Note 18 | 27,856,681         | 28,161,220         |
| Provisions                              | Note 19 | 2,515,876          | 4,584,325          |
| Unspent conditional grants and receipts | Note 21 | 36,772,905         | 37,963,298         |
| Consumer deposits                       | Note 22 | 25,624,225         | 23,240,670         |
| Payables from exchange transactions     | Note 23 | 113,837,286        | 115,697,111        |
|   |         | <b>211,701,216</b> | <b>214,348,655</b> |

**13. CURRENT ASSETS**

Current assets amounted to R579,443,975 as at 30 June 2018 ( R531,037,361 as at 30 June 2017) and is made up as follows:

|  |         | <b>2018</b>        | <b>2017</b>        |
|--|---------|--------------------|--------------------|
| Inventories                                | Note 9  | 49,658,368         | 27,250,992         |
| Current portion of Long term receivables   | Note 7  | 477,942            | 336,681            |
| Operating lease asset                      | Note 10 | 196,907            | 194,471            |
| Receivables from exchange transactions     | Note 11 | 72,666,300         | 58,817,167         |
| Receivables from non-exchange transactions | Note 12 | 19,299,054         | 19,024,343         |
| VAT  | Note 13 | 10,896,467         | 8,071,252          |
| Short term Investments                     | Note 14 | 411,899,411        | 365,809,228        |
| Cash and cash equivalents                  | Note 15 | 14,349,526         | 51,533,227         |
|  |         | <b>579,443,975</b> | <b>531,037,361</b> |

**14. TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

The net balance of trade and other receivables from exchange transactions is indicated below:

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Chief Financial Officer's Report**

---

|   | 2018              | 2017              | Variance       |
|---|-------------------|-------------------|----------------|
| Electricity   | 34,684,946        | 31,960,673        | 8.52 %         |
| Water   | 20,828,944        | 13,121,027        | 58.74 %        |
| Sewerage  | 4,374,088         | 3,669,925         | 19.19 %        |
| Refuse  | 3,432,836         | 2,806,229         | 22.33 %        |
| Land sales  | 754               | 2,161             | (65.11)%       |
| Housing selling schemes                                       | 11,625            | 740,440           | (98.43)%       |
| Housing rental  | 6,769             | 29,694            | (77.20)%       |
| Other (merchandising, jobbing, contracts and service charges) | 9,326,338         | 6,487,018         | 43.77 %        |
|   | <u>72,666,300</u> | <u>58,817,079</u> | <u>23.55 %</u> |

The net balance of receivables from non-exchange transactions is indicated below:

|                          | 2018              | 2017              | Variance     |
|--------------------------|-------------------|-------------------|--------------|
| Fines                    | 5,618,868         | 8,864,105         | (36.6)%      |
| Consumer debtors - Rates | 8,853,158         | 6,308,827         | 40.3 %       |
| Payments made in advance | 3,371,364         | 2,826,572         | 19.3 %       |
| Other                    | 1,455,663         | 1,024,840         | 42.0 %       |
|                          | <u>19,299,053</u> | <u>19,024,344</u> | <u>1.4 %</u> |

**15. EXPRESSIONS OF APPRECIATION**

I am grateful to the Executor Mayor, Executor Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for their unwavering support and guidance extended during the financial year. I also extend a special word of thanks and appreciation to all staff who assisted with the preparation of the year end information, specifically the staff of the Budget and Treasury Office. Without their focussed efforts, contributions and assistance, the preparation of these financial statements would not have been possible.



**CHIEF FINANCIAL OFFICER**

**10 December 2018**

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Statement of Financial Position as at 30 June, 2018**

|  | Notes | 2018<br>R            | 2017<br>R            |
|--|-------|----------------------|----------------------|
| <b>ASSETS</b>                              |       |                      |                      |
| <b>NON-CURRENT ASSETS</b>                  |       |                      |                      |
| Property, plant and equipment              | 3     | 2,048,900,460        | 1,981,116,201        |
| Investment property                        | 4     | 593,222,526          | 597,426,019          |
| Intangible assets                          | 5     | 593,708              | 724,356              |
| Heritage assets                            | 6     | 4,225,599            | 4,225,599            |
| Long term receivables                      | 7     | 354,732              | 813,717              |
| Investments                                | 8     | 36,000,000           | 24,000,000           |
|  |       | <b>2,683,297,025</b> | <b>2,608,305,892</b> |
| <b>CURRENT ASSETS</b>                      |       |                      |                      |
| Inventories                                | 9     | 49,658,368           | 27,250,992           |
| Long term receivables                      | 7     | 477,942              | 336,681              |
| Operating lease asset                      | 10    | 196,907              | 194,471              |
| Receivables from exchange transactions     | 11    | 72,666,300           | 58,817,167           |
| Receivables from non-exchange transactions | 12    | 19,299,054           | 19,024,343           |
| VAT receivable                             | 13    | 10,896,467           | 8,071,252            |
| Short term investments                     | 14    | 411,899,411          | 365,809,228          |
| Cash and cash equivalents                  | 15    | 14,349,526           | 51,533,227           |
|  |       | <b>579,443,975</b>   | <b>531,037,361</b>   |
| <b>TOTAL ASSETS</b>                        |       | <b>3,262,741,000</b> | <b>3,139,343,253</b> |
| <b>LIABILITIES</b>                         |       |                      |                      |
| <b>NON-CURRENT LIABILITIES</b>             |       |                      |                      |
| Other financial liabilities                | 16    | 30,651,228           | 28,296,818           |
| Finance lease obligation                   | 17    | 5,933                | 18,877               |
| Employee benefit obligation                | 18    | 102,716,000          | 88,146,000           |
| Provisions                                 | 19    | 76,089,339           | 70,551,227           |
| Non-current deposits                       | 20    | 286,755              | 274,541              |
|  |       | <b>209,749,255</b>   | <b>187,287,463</b>   |
| <b>CURRENT LIABILITIES</b>                 |       |                      |                      |
| Other financial liabilities                | 16    | 3,236,143            | 2,802,941            |
| Finance lease obligation                   | 17    | 12,944               | 225,676              |
| Employee benefit obligation                | 18    | 27,856,681           | 28,161,220           |
| Provisions                                 | 19    | 2,515,876            | 4,584,325            |
| Operating lease liability                  | 10    | 1,845,156            | 1,673,414            |
| Unspent conditional grants and receipts    | 21    | 36,772,905           | 37,963,298           |
| Consumer deposits                          | 22    | 25,624,225           | 23,240,670           |
| Payables from exchange transactions        | 23    | 113,837,286          | 115,697,111          |
|  |       | <b>211,701,216</b>   | <b>214,348,655</b>   |
| <b>TOTAL LIABILITIES</b>                   |       | <b>421,450,471</b>   | <b>401,636,118</b>   |
| Reserves                                   |       |                      |                      |
| Capital replacement reserve                | 24    | 138,849,299          | 141,173,950          |
| Housing Development Fund                   | 25    | -                    | 28,417               |
| Accumulated surplus                        |       | 2,702,441,230        | 2,596,504,768        |
| <b>TOTAL NET ASSETS</b>                    |       | <b>2,841,290,529</b> | <b>2,737,707,135</b> |



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Statement of Financial Performance**

|   | Notes | 2018<br>R          | 2017<br>R          |
|---|-------|--------------------|--------------------|
| <b>REVENUE</b>                                      |       |                    |                    |
| <b>Revenue from exchange transactions</b>           |       |                    |                    |
| Service charges                                     | 26    | 602,001,682        | 565,800,791        |
| Rental of facilities and equipment                  | 27    | 5,078,997          | 4,910,604          |
| Agency services                                     |       | 6,052,555          | 5,372,146          |
| Interest received - outstanding debtors             |       | 1,722,677          | 1,635,401          |
| Interest received - external investments            |       | 38,602,829         | 35,094,411         |
| Gain on disposal of assets and liabilities          |       | -                  | 537,383            |
| Other income  | 28    | 35,263,729         | 28,652,206         |
| <b>Total revenue from exchange transactions</b>     |       | <b>688,722,469</b> | <b>642,002,942</b> |
| <b>Revenue from non-exchange transactions</b>       |       |                    |                    |
| <b>Taxation revenue</b>                             |       |                    |                    |
| Property rates                                      | 29    | 111,524,049        | 104,137,439        |
| Licences and Permits                                |       | 1,300,402          | 1,195,408          |
| <b>Transfer revenue</b>                             |       |                    |                    |
| Government grants & subsidies received              | 30    | 164,085,506        | 145,518,904        |
| Public contributions and donations                  | 31    | 2,481,870          | 11,860,715         |
| Fines, Penalties and Forfeits                       | 32    | 13,659,388         | 31,999,374         |
| <b>Total revenue from non-exchange transactions</b> |       | <b>293,051,215</b> | <b>294,711,840</b> |
| <b>TOTAL REVENUE</b>                                |       | <b>981,773,684</b> | <b>936,714,782</b> |
| <b>EXPENDITURE</b>                                  |       |                    |                    |
| Employee related costs                              | 33    | 264,536,461        | 212,874,392        |
| Remuneration of councillors                         | 34    | 10,941,298         | 9,786,303          |
| Depreciation and amortisation                       | 35    | 67,365,884         | 67,173,562         |
| Impairment loss/ Reversal of impairments            |       | 76,167             | (315,117)          |
| Debt Impairment / Bad debts written off             | 36    | 17,453,642         | 24,095,047         |
| Finance costs                                       | 37    | 11,060,147         | 7,160,893          |
| Bulk purchases                                      | 38    | 267,744,119        | 265,328,216        |
| Contracted services                                 | 39    | 97,222,116         | 91,828,392         |
| Transfers and subsidies paid                        | 40    | 4,282,136          | 4,262,972          |
| Loss on disposal of assets and liabilities          |       | 1,021,576          | -                  |
| Inventories losses/write-downs                      |       | 5,417,077          | 7,649,754          |
| Cost of sales/Inventory consumed                    | 41    | 76,813,674         | 62,080,499         |
| General Expenses                                    | 42    | 54,256,022         | 45,707,271         |
| <b>TOTAL EXPENDITURE</b>                            |       | <b>878,190,319</b> | <b>797,632,184</b> |
| <b>SURPLUS / (DEFICIT) FOR THE YEAR</b>             |       | <b>103,583,365</b> | <b>139,082,598</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Changes in Net Assets**

|  | Capital<br>replacement<br>reserve<br>R | Housing<br>development<br>fund<br>R | Total reserves<br>R | Accumulated<br>surplus /<br>(deficit)<br>R | Total net<br>assets<br>R |
|--|--|-------------------------------------|---------------------|--|--------------------------|
| Opening balance as previously reported                         | 126,575,281                            | 21,560                              | 126,596,841         | 2,456,791,032                              | 2,583,387,873            |
| Adjustments  |  |                                     |                     |  |                          |
| Prior year adjustments   | -                                      | -                                   | -                   | 15,236,664                                 | 15,236,664               |
| <b>Balance at 1 July, 2016 as restated</b>                     | <b>126,575,281</b>                     | <b>21,560</b>                       | <b>126,596,841</b>  | <b>2,472,027,696</b>                       | <b>2,598,624,537</b>     |
| Changes in net assets  |  |                                     |                     |  |                          |
| Surplus for the year   | -                                      | -                                   | -                   | 139,082,598                                | 139,082,598              |
| Transfer from CRR  |  |                                     |                     |  |                          |
| - Contributions from operating account and other contributions | 94,700,743                             | -                                   | 94,700,743          | (94,700,743)                               | -                        |
| - External services contribution                               | 7,512,760                              | -                                   | 7,512,760           | (7,512,760)                                | -                        |
| - Land sales contribution                                      | 3,927,616                              | -                                   | 3,927,616           | (3,927,616)                                | -                        |
| Less Expenditure: Funding Capital Projects                     | (91,542,450)                           | -                                   | (91,542,450)        | 91,542,450                                 | -                        |
| Transfer from Housing  | -                                      | 6,857                               | 6,857               | (6,857)                                    | -                        |
| Total changes  | 14,598,669                             | 6,857                               | 14,605,526          | 124,477,072                                | 139,082,598              |
| <b>Balance at 1 July, 2017</b>                                 | <b>141,173,950</b>                     | <b>28,417</b>                       | <b>141,202,367</b>  | <b>2,596,504,797</b>                       | <b>2,737,707,164</b>     |
| Changes in net assets  |  |                                     |                     |  |                          |
| Surplus for the year   | -                                      | -                                   | -                   | 103,583,365                                | 103,583,365              |
| Transfer from Housing Development Fund                         | -                                      | (28,417)                            | (28,417)            | 28,417                                     | -                        |
| Transfer from CRR  |  |                                     |                     |  |                          |
| - Contributions from operating account and other contributions | 70,431,679                             | -                                   | 70,431,679          | (70,431,679)                               | -                        |
| - External services contribution                               | 6,793,014                              | -                                   | 6,793,014           | (6,793,014)                                | -                        |
| - Land sales contribution                                      | 3,304,106                              | -                                   | 3,304,106           | (3,304,106)                                | -                        |
| Less Expenditure: Funding Capital Projects                     | (102,853,450)                          | -                                   | (102,853,450)       | 102,853,450                                | -                        |
| Contribution to CRR  | 20,000,000                             | -                                   | 20,000,000          | (20,000,000)                               | -                        |
| Total changes  | (2,324,651)                            | (28,417)                            | (2,353,068)         | 105,936,433                                | 103,583,365              |
| <b>Balance at 30 June, 2018</b>                                | <b>138,849,299</b>                     | <b>-</b>                            | <b>138,849,299</b>  | <b>2,702,441,230</b>                       | <b>2,841,290,529</b>     |
| Notes  | 24                                     | 25                                  |                     |  |                          |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Cash Flow Statement**

|   | Notes | 2018<br>R                   | 2017<br>R                   |
|---|-------|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                   |       |                             |                             |
| <b>Receipts</b>   |       |                             |                             |
| Grants  |       | 162,895,116                 | 165,240,807                 |
| Interest income   |       | 35,408,542                  | 33,181,136                  |
| Ratepayers  |       | 698,199,190                 | 648,609,945                 |
| Other   |       | 62,835,992                  | 72,923,372                  |
|   |       | <u>959,338,840</u>          | <u>919,955,260</u>          |
| <b>Payments</b>   |       |                             |                             |
| Employee costs  |       | (265,659,478)               | (238,306,823)               |
| Suppliers   |       | (473,761,120)               | (415,185,931)               |
| Other payments  |       | (67,537,604)                | (54,622,606)                |
|   |       | <u>(806,958,202)</u>        | <u>(708,115,360)</u>        |
| <b>Net cash flows from operating activities</b>               | 43    | <b><u>152,380,638</u></b>   | <b><u>211,839,900</u></b>   |
| <b>Cash flows from investing activities</b>                   |       |                             |                             |
| Purchase of Capital assets                                    | 3     | (136,418,111)               | (135,952,661)               |
| Proceeds from sale of property, plant and equipment           | 3     | 441,726                     | 168,450                     |
| Proceeds from sale of investment property                     | 4     | 2,418,826                   | 1,724,735                   |
| (Increase) / Decrease in Long-term Receivables                |       | 268,999                     | 434,758                     |
| (Increase) / Decrease in Non-current investments              |       | (12,000,000)                | (12,000,000)                |
| (Increase) / Decrease in Short term investments               |       | (46,090,183)                | (68,411,879)                |
| <b>Net cash flows from investing activities</b>               |       | <b><u>(191,378,743)</u></b> | <b><u>(214,036,597)</u></b> |
| <b>Cash flows from financing activities</b>                   |       |                             |                             |
| Proceeds / (Repayment) of other financial liabilities         |       | 2,787,612                   | 3,978,263                   |
| Consumer deposits   |       | 2,383,554                   | 2,396,238                   |
| Proceeds / (Repayment) of Finance lease liabilities           |       | (225,676)                   | (366,190)                   |
| Finance costs   |       | (3,131,086)                 | (2,890,414)                 |
| <b>Net cash flows from financing activities</b>               |       | <b><u>1,814,404</u></b>     | <b><u>3,117,897</u></b>     |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |       | <b><u>(37,183,701)</u></b>  | <b><u>921,200</u></b>       |
| Cash and cash equivalents at the beginning of the year        |       | 51,533,227                  | 50,612,027                  |
| <b>Cash and cash equivalents at the end of the year</b>       | 15    | <b><u>14,349,526</u></b>    | <b><u>51,533,227</u></b>    |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|   | Approved<br>budget | Adjustments       | Final Budget       | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|---|--------------------|-------------------|--------------------|---|---|---|
|   | R                  | R                 | R                  | R   | R   |   |
| <b>Statement of Financial Performance</b>       |                    |                   |                    |   |   |   |
| <b>Revenue</b>                                  |                    |                   |                    |   |   |   |
| <b>Revenue from exchange transactions</b>       |                    |                   |                    |   |   |   |
| Service charges                                 | 589,224,155        | 4,330,403         | <b>593,554,558</b> | 602,001,682                                 | <b>8,447,124</b>                                    | Conservative budgeting in respect of Water and Electricity charges.   |
| Rental of facilities and equipment              | 5,119,401          | (35,445)          | <b>5,083,956</b>   | 5,078,997                                   | <b>(4,959)</b>                                      |   |
| Interest received (trading)                     | 1,683,720          | (99,760)          | <b>1,583,960</b>   | 1,722,677                                   | <b>138,717</b>                                      |   |
| Agency services                                 | 5,016,113          | 734,895           | <b>5,751,008</b>   | 6,052,555                                   | <b>301,547</b>                                      |   |
| Other income - (rollup)                         | 18,992,055         | 7,688,430         | <b>26,680,485</b>  | 35,263,729                                  | <b>8,583,244</b>                                    | The main reasons for additional revenue is additional revenue from External service contributions, Camping fees and Land sales. |
| Interest received - investment                  | 32,700,000         | 4,558,867         | <b>37,258,867</b>  | 38,602,829                                  | <b>1,343,962</b>                                    | Increase in available cash and better than expected interest rates.   |
| <b>Total revenue from exchange transactions</b> | <b>652,735,444</b> | <b>17,177,390</b> | <b>669,912,834</b> | <b>688,722,469</b>                          | <b>18,809,635</b>                                   |   |
| <b>Revenue from non-exchange transactions</b>   |                    |                   |                    |   |   |   |
| <b>Taxation revenue</b>                         |                    |                   |                    |   |   |   |
| Property rates                                  | 108,476,248        | 304,995           | <b>108,781,243</b> | 111,524,049                                 | <b>2,742,806</b>                                    | Implementation of supplementary valuation roll.   |
| Licences and Permits (Non-exchange)             | 1,076,124          | 154,525           | <b>1,230,649</b>   | 1,300,402                                   | <b>69,753</b>                                       |   |
| <b>Transfer revenue</b>                         |                    |                   |                    |   |   |   |
| Government grants & subsidies                   | 150,661,343        | 43,056,942        | <b>193,718,285</b> | 164,085,506                                 | <b>(29,632,779)</b>                                 | Mainly the underspending of Human Settlements Development grant.  |
| Public contributions and donations              | 350,000            | 1,665,478         | <b>2,015,478</b>   | 2,481,870                                   | <b>466,392</b>                                      |   |
| Fines, Penalties and Forfeits                   | 37,802,859         | (32,879,215)      | <b>4,923,644</b>   | 13,659,388                                  | <b>8,735,744</b>                                    | More traffic fines than expected was issued.  |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|   | Approved<br>budget | Adjustments       | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|---|--------------------|-------------------|----------------------|---|---|---|
|   | R                  | R                 | R                    | R   | R   |   |
| <b>Total revenue from non-exchange transactions</b> | <b>298,366,574</b> | <b>12,302,725</b> | <b>310,669,299</b>   | <b>293,051,215</b>                          | <b>(17,618,084)</b>                                 |   |
| <b>Total revenue</b>                                | <b>951,102,018</b> | <b>29,480,115</b> | <b>980,582,133</b>   | <b>981,773,684</b>                          | <b>1,191,551</b>                                    |   |
| <b>Expenditure</b>                                  |                    |                   |                      |   |   |   |
| Personnel   | (279,815,152)      | 4,436,485         | <b>(275,378,667)</b> | (264,536,461)                               | <b>10,842,206</b>                                   | A different accounting treatment of Water treatment work cost as well as a saving due to not filling of positions.            |
| Remuneration of councillors                         | (11,078,473)       | 137,155           | <b>(10,941,318)</b>  | (10,941,298)                                | <b>20</b>   |   |
| Depreciation and amortisation                       | (72,992,708)       | (2,082,903)       | <b>(75,075,611)</b>  | (67,365,884)                                | <b>7,709,727</b>                                    | A different accounting treatment of Water treatment work cost as well as less projects finalised and unbundled than expected. |
| Impairment loss/ Reversal of impairments            | -                  | -                 | -                    | (76,167)                                    | <b>(76,167)</b>                                     |   |
| Finance costs                                       | (3,395,548)        | (77,696)          | <b>(3,473,244)</b>   | (11,060,147)                                | <b>(7,586,903)</b>                                  | Higher than expected cost on the Landfill site.   |
| Lease rentals on operating lease                    | (5,204,323)        | 187,945           | <b>(5,016,378)</b>   | (5,187,733)                                 | <b>(171,355)</b>                                    |   |
| Debt Impairment                                     | (41,650,190)       | 20,360,039        | <b>(21,290,151)</b>  | (17,453,642)                                | <b>3,836,509</b>                                    | Better than expected collection on Sewerage, Refuse and Water services.   |
| Bulk purchases                                      | (269,678,873)      | 3,382,635         | <b>(266,296,238)</b> | (267,744,119)                               | <b>(1,447,881)</b>                                  | Electricity consumption more than anticipated.  |
| Contracted Services                                 | (131,410,968)      | (29,550,018)      | <b>(160,960,986)</b> | (97,222,116)                                | <b>63,738,870</b>                                   | The main contributor is the underspending on Housing Topstructures  |
| Transfers and Subsidies                             | (4,329,810)        | (515,890)         | <b>(4,845,700)</b>   | (4,282,136)                                 | <b>563,564</b>                                      |   |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|  | Approved<br>budget   | Adjustments         | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference  |
|--|----------------------|---------------------|----------------------|---|---|--|
|  | R                    | R                   | R                    | R   | R   |  |
| Sale of goods/Inventory  | (52,580,118)         | (9,069,635)         | <b>(61,649,753)</b>  | (76,813,674)                                | <b>(15,163,921)</b>                                 | A different accounting treatment of Water treatment work cost, included in this line item are all cost related to the purification of water and only bulk purchases was in the budget line item. |
| General Expenses   | (51,642,245)         | (2,891,841)         | <b>(54,534,086)</b>  | (49,068,289)                                | <b>5,465,797</b>                                    | The variance is mainly due to savings on Telephone and Travel costs, Advertising, Grass cutting, Information Technology expenses. The Levies for Water expenses is recognised under Inventory.   |
| <b>Total expenditure</b>   | <b>(923,778,408)</b> | <b>(15,683,724)</b> | <b>(939,462,132)</b> | <b>(871,751,666)</b>                        | <b>67,710,466</b>                                   |  |
| <b>Operating surplus</b>   | <b>27,323,610</b>    | <b>13,796,391</b>   | <b>41,120,001</b>    | <b>110,022,018</b>                          | <b>68,902,017</b>                                   |  |
| Loss on disposal of assets and liabilities   | (973,400)            | 425,869             | <b>(547,531)</b>     | (1,021,576)                                 | <b>(474,045)</b>                                    |  |
| Inventories losses/write-downs   | (150,000)            | -                   | <b>(150,000)</b>     | (5,417,077)                                 | <b>(5,267,077)</b>                                  | A different accounting treatment of Water treatment work cost the apparent and real water losses was accounted for the first time and not budgeted for in the same manner.                       |
|  | <b>(1,123,400)</b>   | <b>425,869</b>      | <b>(697,531)</b>     | <b>(6,438,653)</b>                          | <b>(5,741,122)</b>                                  |  |
| <b>Surplus before taxation</b>   | <b>26,200,210</b>    | <b>14,222,260</b>   | <b>40,422,470</b>    | <b>103,583,365</b>                          | <b>63,160,895</b>                                   |  |
| <b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b> | <b>26,200,210</b>    | <b>14,222,260</b>   | <b>40,422,470</b>    | <b>103,583,365</b>                          | <b>63,160,895</b>                                   |  |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|  | Approved<br>budget | Adjustments       | Final Budget       | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|--|--------------------|-------------------|--------------------|---|---|---|
|  | R                  | R                 | R                  | R   | R   |   |
| <b>Statement of Financial Position</b>     |                    |                   |                    |   |   |   |
| <b>ASSETS</b>                              |                    |                   |                    |   |   |   |
| <b>CURRENT ASSETS</b>                      |                    |                   |                    |   |   |   |
| Inventories                                | 20,910,953         | 5,864,708         | <b>26,775,661</b>  | 49,658,368                                  | <b>22,882,707</b>                                   | The inventory related to Housing stock increased as a result of the slower than expected handing over of houses.  |
| Operating lease asset                      | -                  | -                 | -                  | 196,907                                     | <b>196,907</b>                                      |   |
| Receivables from non-exchange transactions | 25,247,849         | (2,383,504)       | <b>22,864,345</b>  | 19,299,054                                  | <b>(3,565,291)</b>                                  | The write off of traffic fines and the improved collection rate caused the outstanding amounts to be less than budgeted.  |
| VAT receivable                             | -                  | -                 | -                  | 10,896,467                                  | <b>10,896,467</b>                                   | VAT was budgeted to be a payable at year end.   |
| Receivables from exchange transactions     | 66,934,351         | (3,109,758)       | <b>63,824,593</b>  | 72,666,300                                  | <b>8,841,707</b>                                    | A larger than expected accrual for water and electricity consumption caused the balance to increase although a better than expected collection rate was achieved. |
| Short term investments                     | 295,000,000        | 60,000,000        | <b>355,000,000</b> | 411,899,411                                 | <b>56,899,411</b>                                   | As a result of the improved collection rate as well as savings on the operational cost the balance is better than expected.                                       |
| Cash and cash equivalents                  | 281,420            | 443,431           | <b>724,851</b>     | 14,349,526                                  | <b>13,624,675</b>                                   | As a result of the improved collection rate as well as savings on the operational cost the balance is better than expected.                                       |
| Current portion of long-term receivables   | 300,849            | 5,831             | <b>306,680</b>     | 477,942                                     | <b>171,262</b>                                      |   |
|  | <b>408,675,422</b> | <b>60,820,708</b> | <b>469,496,130</b> | <b>579,443,975</b>                          | <b>109,947,845</b>                                  |   |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|                                     | Approved<br>budget   | Adjustments        | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|-------------------------------------|----------------------|--------------------|----------------------|---|---|---|
|                                     | R                    | R                  | R                    | R   | R   |   |
| <b>NON-CURRENT ASSETS</b>           |                      |                    |                      |   |   |   |
| Investment property                 | 602,829,513          | 20,872,209         | <b>623,701,722</b>   | 593,222,526                                 | <b>(30,479,196)</b>                                 | The net effect of land sales and the recognition of the newly identified vesting properties were not budgeted for.  |
| Property, plant and equipment       | 1,964,139,311        | 77,965,164         | <b>2,042,104,475</b> | 2,048,900,460                               | <b>6,795,985</b>                                    | The combination of the underspending on the capital program, the recognition of newly identified vesting properties and the less than expected completed projects caused the increased value. |
| Intangible assets                   | 583,041              | (115,646)          | <b>467,395</b>       | 593,708                                     | <b>126,313</b>                                      |   |
| Heritage assets                     | 4,225,599            | -                  | <b>4,225,599</b>     | 4,225,599                                   | -   |   |
| Long term receivables               | 167,493              | 576,226            | <b>743,719</b>       | 354,732                                     | <b>(388,987)</b>                                    |   |
| Investments                         | 36,000,000           | -                  | <b>36,000,000</b>    | 36,000,000                                  | -   |   |
|                                     | <b>2,607,944,957</b> | <b>99,297,953</b>  | <b>2,707,242,910</b> | <b>2,683,297,025</b>                        | <b>(23,945,885)</b>                                 |   |
| <b>TOTAL ASSETS</b>                 | <b>3,016,620,379</b> | <b>160,118,661</b> | <b>3,176,739,040</b> | <b>3,262,741,000</b>                        | <b>86,001,960</b>                                   |   |
| <b>LIABILITIES</b>                  |                      |                    |                      |   |   |   |
| <b>CURRENT LIABILITIES</b>          |                      |                    |                      |   |   |   |
| Other financial liabilities         | 5,442,860            | 153,847            | <b>5,596,707</b>     | 3,236,143                                   | <b>(2,360,564)</b>                                  | The new loan for 17/18 year's interest and redemption was included in the budget, but was only taken up at year-end.  |
| Operating lease liability           | -                    | -                  | -                    | 1,845,156                                   | <b>1,845,156</b>                                    | Line item included in budget under Payables as Budget format does not provide for this item separately.   |
| Payables from exchange transactions | 103,455,104          | 12,946,190         | <b>116,401,294</b>   | 113,837,285                                 | <b>(2,564,009)</b>                                  | Better than expected payment rate on trade payables.  |



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|   | Approved<br>budget | Adjustments       | Final Budget       | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference  |
|---|--------------------|-------------------|--------------------|---|---|--|
|   | R                  | R                 | R                  | R   | R   |  |
| Consumer deposits                       | 22,841,075         | 1,561,629         | <b>24,402,704</b>  | 25,624,225                                  | <b>1,221,521</b>                                    | More houses and new connections than expected due to newly constructed dwellings.  |
| Employee benefit obligation             | -                  | -                 | -                  | 27,856,681                                  | <b>27,856,681</b>                                   | Different budget principles employee benefits included in the line item of provisions, Employee benefits also increased more than expected.  |
| Unspent conditional grants and receipts | -                  | 17,960,861        | <b>17,960,861</b>  | 36,772,905                                  | <b>18,812,044</b>                                   | Increased as a result of the unspent funds for housing projects.   |
| Provisions                              | 29,711,143         | 14,178,966        | <b>43,890,109</b>  | 2,515,876                                   | <b>(41,374,233)</b>                                 | Different budget principles employee benefits included in the line item of provisions. The provisions increased as a result of an higher than expected contribution to landfill sites. |
|   | <b>161,450,182</b> | <b>46,801,493</b> | <b>208,251,675</b> | <b>211,688,271</b>                          | <b>3,436,596</b>                                    |  |
| <b>NON-CURRENT LIABILITIES</b>          |                    |                   |                    |   |   |  |
| Other financial liabilities             | 28,472,453         | (2,011,218)       | <b>26,461,235</b>  | 30,651,228                                  | <b>4,189,993</b>                                    | Budget did not make provision for the movements.   |
| Finance lease obligation                | 5,933              | -                 | <b>5,933</b>       | 18,876                                      | <b>12,943</b>                                       |  |
| Employee benefit obligation             | 126,486,632        | (31,028,696)      | <b>95,457,936</b>  | 102,716,000                                 | <b>7,258,064</b>                                    | The provisions is higher due to higher than expected increases in medical aid contributions, resulting in additional obligation towards continue medical aid.                          |
| Provisions                              | 89,064,481         | (9,252,107)       | <b>79,812,374</b>  | 76,089,339                                  | <b>(3,723,035)</b>                                  | The provisions increased as a result of an higher than expected contribution to landfill sites as well as incorrect budgeting  |
| Non-current deposits                    | -                  | -                 | -                  | 286,755                                     | <b>286,755</b>                                      |  |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|  | Approved<br>budget   | Adjustments         | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|--|----------------------|---------------------|----------------------|---|---|---|
|  | R                    | R                   | R                    | R   | R   |   |
|  | <b>244,029,499</b>   | <b>(42,292,021)</b> | <b>201,737,478</b>   | <b>209,762,198</b>                          | <b>8,024,720</b>                                    |   |
| <b>TOTAL LIABILITIES</b>                                       | <b>405,479,681</b>   | <b>4,509,472</b>    | <b>409,989,153</b>   | <b>421,450,469</b>                          | <b>11,461,316</b>                                   |   |
| <b>NET ASSETS</b>  | <b>2,611,140,698</b> | <b>155,609,189</b>  | <b>2,766,749,887</b> | <b>2,841,290,531</b>                        | <b>74,540,644</b>                                   |   |
| <b>NET ASSETS</b>  |                      |                     |                      |   |   |   |
| <b>Net Assets Attributable to Owners of Controlling Entity</b> |                      |                     |                      |   |   |   |
| <b>Reserves</b>  |                      |                     |                      |   |   |   |
| Reserves   | 129,088,878          | 258,201             | <b>129,347,079</b>   | 138,849,299                                 | <b>9,502,220</b>                                    | Additional cash generated was contributed to the Capital Replacement Reserve  |
| Accumulated surplus  | 2,482,051,820        | 155,350,988         | <b>2,637,402,808</b> | 2,702,441,232                               | <b>65,038,424</b>                                   | The nett result of all the expalnsations in the statement of Financial performance and position cause this variance |
| <b>Total Net Assets</b>  | <b>2,611,140,698</b> | <b>155,609,189</b>  | <b>2,766,749,887</b> | <b>2,841,290,531</b>                        | <b>74,540,644</b>                                   |   |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|  | Approved<br>budget   | Adjustments         | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference   |
|--|----------------------|---------------------|----------------------|---|---|---|
|  | R                    | R                   | R                    | R   | R   |   |
| <b>Cash Flow Statement</b>                               |                      |                     |                      |   |   |   |
| <b>Cash flows from operating activities</b>              |                      |                     |                      |   |   |   |
| <b>Receipts</b>  |                      |                     |                      |   |   |   |
| Property rates   | 107,367,906          | 301,882             | <b>107,669,788</b>   | 111,524,049                                 | <b>3,854,261</b>                                    | Implementation of supplementary valuation roll.   |
| Service charges  | 578,101,745          | 4,292,893           | <b>582,394,638</b>   | 590,911,022                                 | <b>8,516,384</b>                                    | Conservative budgeting i.r.o. water and electricity charges.  |
| Other revenue  | 67,396,752           | (24,540,478)        | <b>42,856,274</b>    | 62,835,992                                  | <b>19,979,718</b>                                   | The reversal of impairment budget is incorrectly included in the Cashflow budget.   |
| Interest income  | 34,958,030           | 960,230             | <b>35,918,260</b>    | 35,408,542                                  | <b>(509,718)</b>                                    |   |
| Government - operating & Capital                         | 151,046,830          | 43,297,075          | <b>194,343,905</b>   | 162,895,116                                 | <b>(31,448,789)</b>                                 | Revenue not recognised due to underspending on human settlements development grant.   |
|  | <b>938,871,263</b>   | <b>24,311,602</b>   | <b>963,182,865</b>   | <b>963,574,721</b>                          | <b>391,856</b>                                      |   |
| <b>Payments</b>  |                      |                     |                      |   |   |   |
| Suppliers and employees                                  | (827,067,392)        | (30,501,872)        | <b>(857,569,264)</b> | (840,541,441)                               | <b>17,027,823</b>                                   | Underspending is due to savings on Chemicals, IT related expenses, telephone costs and the unspent Housing topstructures funds. |
| Transfers and Grants                                     | (4,329,810)          | (564,890)           | <b>(4,894,700)</b>   | (4,375,155)                                 | <b>519,545</b>                                      |   |
|  | <b>(831,397,202)</b> | <b>(31,066,762)</b> | <b>(862,463,964)</b> | <b>(844,916,596)</b>                        | <b>17,547,368</b>                                   |   |
| <b>Net cash flows from / (used) operating activities</b> | <b>107,474,061</b>   | <b>(6,755,160)</b>  | <b>100,718,901</b>   | <b>118,658,125</b>                          | <b>17,939,224</b>                                   |   |

**Cash flows from investing activities**

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Accrual Basis**

|  | Approved<br>budget   | Adjustments         | Final Budget         | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference  |
|--|----------------------|---------------------|----------------------|---|---|--|
|  | R                    | R                   | R                    | R   | R   |  |
| Proceeds on disposal of Property, Plant and Equipment          | 954,000              | 5,179,316           | <b>6,133,316</b>     | 2,860,552                                   | <b>(3,272,764)</b>                                  | Planned proceeds did not realise.  |
| Decrease / (increase) other non-current receivables            | 100,000              | -                   | <b>100,000</b>       | 268,999                                     | <b>168,999</b>                                      |  |
| Decrease / (increase) in non-current investments               | (12,000,000)         | -                   | <b>(12,000,000)</b>  | (12,000,000)                                | -   |  |
| Purchase of Capital assets                                     | (126,284,585)        | (26,709,948)        | <b>(152,994,533)</b> | (136,418,111)                               | <b>16,576,422</b>                                   | Refer to Note 47 for detail per vote on variances.                                     |
| (Increase) / Decrease in short term investments                | -                    | -                   | -                    | (46,090,183)                                | <b>(46,090,183)</b>                                 | Due to change in accounting policy, refer to Note 45.                                  |
| Finance costs  | (3,387,449)          | (63,830)            | <b>(3,451,279)</b>   | (3,131,086)                                 | <b>320,193</b>                                      |  |
| <b>Net cash flows from / (used) investing activities</b>       | <b>(140,618,034)</b> | <b>(21,594,462)</b> | <b>(162,212,496)</b> | <b>(194,509,829)</b>                        | <b>(32,297,333)</b>                                 |  |
| <b>Cash flows from financing activities</b>                    |                      |                     |                      |   |   |  |
| Proceeds / (Repayment) of other financial liabilities          | 5,600,000            | -                   | <b>5,600,000</b>     | 5,600,000                                   | -   |  |
| Increase / (decrease) in consumer deposits                     | 1,087,670            | 74,363              | <b>1,162,033</b>     | 2,383,554                                   | <b>1,221,521</b>                                    | More houses and new connections than expected, due to newly constructed dwellings.     |
| Proceeds / (Repayment) of Finance leases and other liabilities | (4,300,299)          | (2,585,744)         | <b>(6,886,043)</b>   | (3,038,064)                                 | <b>3,847,979</b>                                    | Budgeted for the repayment on current year loan as well at higher than expected rates. |
| <b>Net cash flows from / (used) financing activities</b>       | <b>2,387,371</b>     | <b>(2,511,381)</b>  | <b>(124,010)</b>     | <b>4,945,490</b>                            | <b>5,069,500</b>                                    |  |
| Net increase/(decrease) in cash and cash equivalents           | (30,756,602)         | (30,861,003)        | <b>(61,617,605)</b>  | (70,906,214)                                | <b>(9,288,609)</b>                                  |  |
| Cash and cash equivalents at the beginning of the year         | 326,038,022          | 91,304,434          | <b>417,342,456</b>   | 51,533,227                                  | <b>(365,809,229)</b>                                | Due to change in accounting policy, refer to Note 45.                                  |
| <b>Cash and cash equivalents at the end of the year</b>        | <b>295,281,420</b>   | <b>60,443,431</b>   | <b>355,724,851</b>   | <b>(19,372,987)</b>                         | <b>(375,097,838)</b>                                |  |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Appropriation Statement**

|  | Original budget      | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget         | Actual outcome       | Unauthorised expenditure | Variance          | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|----------------------|---|--------------------------|--|---|----------------------|----------------------|--------------------------|-------------------|-------------------------------------|--|
|  | R                    | R   | R                        | R  | R   | R                    | R                    | R                        | R                 | R                                   | R                                      |
| <b>2018</b>  |                      |   |                          |  |   |                      |                      |                          |                   |                                     |  |
| <b>Financial Performance</b>   |                      |   |                          |  |   |                      |                      |                          |                   |                                     |  |
| Property rates   | 108,476,248          | 304,995   | 108,781,243              | -  |   | 108,781,243          | 111,524,049          |                          | 2,742,806         | 103 %                               | 103 %                                  |
| Service charges  | 589,224,155          | 4,330,403   | 593,554,558              | -  |   | 593,554,558          | 602,001,682          |                          | 8,447,124         | 101 %                               | 102 %                                  |
| Investment revenue   | 32,700,000           | 4,558,867   | 37,258,867               | -  |   | 37,258,867           | 38,602,829           |                          | 1,343,962         | 104 %                               | 118 %                                  |
| Transfers recognised - operational                                   | 117,074,536          | 26,623,233  | 143,697,769              | -  |   | 143,697,769          | 126,175,199          |                          | (17,522,570)      | 88 %                                | 108 %                                  |
| Other own revenue  | 68,614,148           | (24,277,820)  | 44,336,328               | -  |   | 44,336,328           | 62,781,220           |                          | 18,444,892        | 142 %                               | 91 %                                   |
| Licences and permits   | 1,076,124            | 154,525   | 1,230,649                | -  |   | 1,230,649            | 1,300,402            |                          | 69,753            | 106 %                               | 121 %                                  |
| <b>Total revenue (excluding capital transfers and contributions)</b> | <b>917,165,211</b>   | <b>11,694,203</b>                                   | <b>928,859,414</b>       | -  |   | <b>928,859,414</b>   | <b>942,385,381</b>   |                          | <b>13,525,967</b> | <b>101 %</b>                        | <b>103 %</b>                           |
| Employee costs   | (279,815,152)        | 4,436,485   | (275,378,667)            | -  | -   | (275,378,667)        | (264,536,461)        | -                        | 10,842,206        | 96 %                                | 95 %                                   |
| Remuneration of councillors  | (11,078,473)         | 137,155   | (10,941,318)             | -  | -   | (10,941,318)         | (10,941,298)         | -                        | 20                | 100 %                               | 99 %                                   |
| Debt impairment  | (41,650,190)         | 20,360,039  | (21,290,151)             |  |   | (21,290,151)         | (17,453,642)         | -                        | 3,836,509         | 82 %                                | 42 %                                   |
| Depreciation and asset impairment                                    | (72,992,708)         | (2,082,903)   | (75,075,611)             |  |   | (75,075,611)         | (67,442,051)         | -                        | 7,633,560         | 90 %                                | 92 %                                   |
| Finance charges  | (3,395,548)          | (77,696)  | (3,473,244)              | -  | -   | (3,473,244)          | (11,060,147)         | -                        | (7,586,903)       | 318 %                               | 326 %                                  |
| Materials and bulk purchases   | (269,678,873)        | 3,382,635   | (266,296,238)            | -  | -   | (266,296,238)        | (267,744,119)        | -                        | (1,447,881)       | 101 %                               | 99 %                                   |
| Transfers and grants   | (4,329,810)          | (515,890)   | (4,845,700)              | -  | -   | (4,845,700)          | (4,282,136)          | -                        | 563,564           | 88 %                                | 99 %                                   |
| Other expenditure  | (241,961,054)        | (41,210,955)  | (283,172,009)            | -  | -   | (283,172,009)        | (235,734,339)        | -                        | 47,437,670        | 83 %                                | 97 %                                   |
| <b>Total expenditure</b>   | <b>(924,901,808)</b> | <b>(15,571,130)</b>                                 | <b>(940,472,938)</b>     | -  | -   | <b>(940,472,938)</b> | <b>(879,194,193)</b> | -                        | <b>61,278,745</b> | <b>93 %</b>                         | <b>95 %</b>                            |
| <b>Surplus/(Deficit)</b>   | <b>(7,736,597)</b>   | <b>(3,876,927)</b>                                  | <b>(11,613,524)</b>      | -  |   | <b>(11,613,524)</b>  | <b>63,191,188</b>    |                          | <b>74,804,712</b> | <b>(544)%</b>                       | <b>(817)%</b>                          |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Appropriation Statement**

|  | Original<br>budget | Budget<br>adjustments<br>(i.t.o. s28 and<br>s31 of the<br>MFMA) | Final<br>adjustments<br>budget | Shifting of<br>funds (i.t.o.<br>s31 of the<br>MFMA) | Virement<br>(i.t.o. council<br>approved<br>policy) | Final budget      | Actual<br>outcome  | Unauthorised<br>expenditure | Variance          | Actual<br>outcome<br>as % of<br>final<br>budget | Actual<br>outcome<br>as % of<br>original<br>budget |
|--|--------------------|---|--------------------------------|---|--|-------------------|--------------------|-----------------------------|-------------------|---|--|
|  | R                  | R   | R                              | R   | R  | R                 | R                  | R                           | R                 | R   | R  |
| Transfers recognised - capital                                     | 33,586,807         | 16,433,709  | 50,020,516                     | -   |  | 50,020,516        | 37,910,307         |                             | (12,110,209)      | 76 %  | 113 %  |
| Contributions recognised - capital and contributed assets          | 350,000            | 1,665,478   | 2,015,478                      | -   |  | 2,015,478         | 2,481,870          |                             | 466,392           | 123 %   | 709 %  |
| <b>Surplus (Deficit) after capital transfers and contributions</b> | <b>26,200,210</b>  | <b>14,222,260</b>   | <b>40,422,470</b>              | <b>-</b>  |  | <b>40,422,470</b> | <b>103,583,365</b> |                             | <b>63,160,895</b> | <b>256 %</b>                                    | <b>395 %</b>                                       |
| <b>Surplus/(Deficit) for the year</b>                              | <b>26,200,210</b>  | <b>14,222,260</b>   | <b>40,422,470</b>              | <b>-</b>  |  | <b>40,422,470</b> | <b>103,583,365</b> |                             | <b>63,160,895</b> | <b>256 %</b>                                    | <b>395 %</b>                                       |
| <b>Capital expenditure and funds sources</b>                       |                    |   |                                |   |  |                   |                    |                             |                   |   |  |
| Total capital expenditure  | 126,284,585        | 26,709,948  | 152,994,533                    | -   |  | 152,994,533       | 137,836,431        |                             | (15,158,102)      | 90 %  | 109 %  |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Appropriation Statement**

|   | Original<br>budget  | Budget<br>adjustments<br>(i.t.o. s28 and<br>s31 of the<br>MFMA) | Final<br>adjustments<br>budget | Shifting of<br>funds (i.t.o.<br>s31 of the<br>MFMA) | Virement<br>(i.t.o. council<br>approved<br>policy) | Final budget        | Actual<br>outcome   | Unauthorised<br>expenditure | Variance           | Actual<br>outcome<br>as % of<br>final<br>budget | Actual<br>outcome<br>as % of<br>original<br>budget |
|---|---------------------|---|--------------------------------|---|--|---------------------|---------------------|-----------------------------|--------------------|---|--|
|   | R                   | R   | R                              | R   | R  | R                   | R                   | R                           | R                  | R   | R  |
| <b>Cash flows</b>   |                     |   |                                |   |  |                     |                     |                             |                    |   |  |
| Net cash from (used) operating                              | 104,086,612         | (6,818,990)   | 97,267,622                     | -   |  | 97,267,622          | 152,380,638         |                             | 55,113,016         | 157 %   | 146 %  |
| Net cash from (used) investing                              | (137,230,585)       | (21,530,631)  | (158,761,216)                  | -   |  | (158,761,216)       | (191,378,743)       |                             | (32,617,527)       | 121 %   | 139 %  |
| Net cash from (used) financing                              | 2,387,371           | (2,511,381)   | (124,010)                      | -   |  | (124,010)           | 1,814,404           |                             | 1,938,414          | (1,463)%  | 76 %   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>(30,756,602)</b> | <b>(30,861,002)</b>   | <b>(61,617,604)</b>            | <b>-</b>  |  | <b>(61,617,604)</b> | <b>(37,183,701)</b> |                             | <b>24,433,903</b>  | <b>60 %</b>                                     | <b>121 %</b>                                       |
| Cash and cash equivalents at the beginning of the year      | 326,038,022         | 91,304,434  | 417,342,456                    | -   |  | 417,342,456         | 51,533,227          |                             | (365,809,229)      | 12 %  | 16 %   |
| <b>Cash and cash equivalents at year end</b>                | <b>295,281,420</b>  | <b>60,443,432</b>   | <b>355,724,852</b>             | <b>-</b>  |  | <b>355,724,852</b>  | <b>14,349,526</b>   |                             | <b>341,375,326</b> | <b>4 %</b>                                      | <b>5 %</b>   |

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June, 2018

### Accounting Policies

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#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

C1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5).

| Reference | Topic  |
|-----------|--|
| GRAP 1    | Presentation of Financial Statements                             |
| GRAP 2    | Cash Flow Statements   |
| GRAP 3    | Accounting Policies, Changes in Accounting Estimates and Errors  |
| GRAP 4    | The Effects of Changes in Foreign Exchange Rates                 |
| GRAP 5    | Borrowing Costs  |
| GRAP 6    | Consolidated and Separate Financial Statements                   |
| GRAP 7    | Investments in Associates  |
| GRAP 8    | Interests in Joint Ventures                                      |
| GRAP 9    | Revenue from Exchange Transactions                               |
| GRAP 10   | Financial Reporting in Hyperinflationary Economies               |
| GRAP 11   | Construction Contracts   |
| GRAP 12   | Inventories  |
| GRAP 13   | Leases   |
| GRAP 14   | Events After the Reporting Date                                  |
| GRAP 16   | Investment Property  |
| GRAP 17   | Property, Plant and Equipment                                    |
| GRAP 18   | Segment Reporting  |
| GRAP 19   | Provisions, Contingent Liabilities and Contingent Assets         |
| GRAP 21   | Impairment of Non-cash-generating Assets                         |
| GRAP 23   | Revenue from Non-exchange Transactions (Taxes and Transfers)     |
| GRAP 24   | Presentation of Budget Information in Financial Statements       |
| GRAP 25   | Employee Benefits  |
| GRAP 26   | Impairment of Cash-generating Assets                             |
| GRAP 27   | Agriculture  |
| GRAP 31   | Intangible Assets  |
| GRAP 100  | Discontinued Operations  |
| GRAP 103  | Heritage Assets  |
| GRAP 104  | Financial Instruments  |
| GRAP 105  | Transfers of Functions Between Entities Under Common Control     |
| GRAP 106  | Transfers of Functions Between Entities Not Under Common Control |
| GRAP 107  | Mergers  |



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June, 2018

### Accounting Policies

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C2. Directives issued and effective that entities are required to apply (paragraph .14 of Directive 5):

| Reference           | Topic   |
|---------------------|---|
| Directive 1<br>GRAP | Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of  |
| Directive 2         | Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Public Further Education and Training Colleges and Constitutional Institutions |
| Directive 3         | Transitional Provisions for High Capacity Municipalities  |
| Directive 4         | Transitional Provisions for Medium and Low Capacity Municipalities and Trading Entities   |
| Directive 5         | Determining the GRAP Reporting Framework  |
| Directive 6         | Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)   |
| Directive 7         | The Application of Deemed Cost  |
| Directive 8         | Transitional Provisions for Parliament and the Provincial Legislatures  |
| <b>Reference</b>    | <b>Topic</b>  |
| Directive 9         | The Application of the Standards of GRAP by Trading Entities  |
| Directive 10        | Application of the Standards of GRAP by Public Further Education and Training Colleges  |
| Directive 11        | Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP  |
| Directive 12        | The Selection of an Appropriate Reporting Framework by Public Entities  |

C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of Directive 5):

| Reference | Topic  |
|-----------|--|
| IGRAP 1   | Applying the Probability Test on Initial Recognition of Revenue  |
| IGRAP 2   | Changes in Existing Decommissioning, Restoration and Similar Liabilities   |
| IGRAP 3   | Determining whether an Arrangement Contains a Lease  |
| IGRAP 4   | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds               |
| IGRAP 5   | Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies |
| IGRAP 6   | Loyalty Programmes   |
| IGRAP 7   | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction                           |
| IGRAP 8   | Agreements for the Construction of Assets from Exchange Transactions   |
| IGRAP 9   | Distributions of Non-cash Assets to Owners   |
| IGRAP 10  | Assets Received from Customers   |
| IGRAP 11  | Consolidations – Special Purpose Entities  |
| IGRAP 12  | Jointly Controlled Entities – Non-monetary Contributions by Venturers  |
| IGRAP 13  | Operating Leases – Incentives  |
| IGRAP 14  | Evaluating the Substance of Transactions Involving the Legal Form of a Lease                                       |
| IGRAP 15  | Revenue – Barter Transactions Involving Advertising Services   |
| IGRAP 16  | Intangible Assets – Website Costs  |

C4. Standards of GRAP and Interpretations of Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and that entities may consider in formulating an accounting policy (paragraph .12 of Directive 5):

Standards of GRAP that may be used in developing an accounting policy:

| Reference       | Topic   |
|-----------------|---|
| GRAP 32         | Service Concession Arrangements: Grantor  |
| GRAP 108        | Statutory Receivables   |
| GRAP 109        | Accounting by Principals and Agents   |
| IGRAP 17<br>and | Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in Asset |

Standards of GRAP that an entity may use to disclose information in its financial statements:

| Reference | Topic                     |
|-----------|---------------------------|
| GRAP 20   | Related Party Disclosures |

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

### **Accounting Policies**

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These accounting policies are consistent with the previous period unless stated otherwise.

#### **1.1 Presentation currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All amounts are rounded to the nearest Rand

#### **1.2 Going concern assumption**

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.3 Materiality**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### **1.4 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### **Allowance for slow moving, damaged and obsolete stock**

Allowance is made to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating surplus note when found material.

##### **Impairment testing**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their historical collection trend. This was performed per service-identifiable categories across all debtors by discounting the future cashflows using the interest rate earned on the primary bank account.

The calculation in respect of the impairment of Traffic fines is based on the same principle as for other receivables except that it is not performed on an individual fine basis.

The municipality used the interest rate on primary bank account as the effective interest rate for impairment.

##### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

##### **Post retirement benefits**

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in Note 18.

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

### **Accounting Policies**

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#### **1.4 Significant judgements and sources of estimation uncertainty (continued)**

##### **Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is calculated based on the cost price of each component.

##### **Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements.

For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The Municipality considers a project to be significantly delayed after a period of 12 months.

##### **Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

##### **Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

The Municipality considers a project to be significantly delayed after a period of 12 months.

#### **1.5 Biological assets**

A biological asset is a living animal or plant which is part of an agricultural activity and entails the management of the biological transformation and harvest of biological assets for either the sale; distribution at no charge or for a nominal charge; or conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge. Agricultural produce is the harvested product of the Municipality's biological assets.

The entity recognises biological assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June, 2018

### Accounting Policies

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#### 1.5 Biological assets (continued)

Biological assets are measured at each reporting period at their fair value less estimated costs to sell. The fair value of the biological asset is determined based on current market prices, growth and/or volume and estimated value movement in point-of-sale cost.

On derecognition of biological assets due sale or nominal charge, the proceeds as a result of the sale or nominal charge are recognised as revenue in the statement of financial performance for the period in which it arises, whilst the cost of sale (fair value less cost of sale) is recognised as an expenditure in the statement of financial performance.

#### 1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Transfers are made to or from investment property only when there is a change in use.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

| Item                          | Useful life in years |
|-------------------------------|----------------------|
| Improved Property - land      | Indefinite           |
| Improved Property - buildings | 8 - 100              |
| Unimproved Property - land    | Indefinite           |

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 4).

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Accounting Policies**

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**1.7 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Land is not depreciated as it is deemed to have an indefinite useful life.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Accounting Policies**

**1.7 Property, plant and equipment (continued)**

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item                            | Depreciation method | Average useful life in years |
|---------------------------------|---------------------|------------------------------|
| <b><u>PPE Land</u></b>          |                     |                              |
| Land                            | Straight line       | Indefinite                   |
| <b><u>Community assets</u></b>  |                     |                              |
| Community facilities            |                     |                              |
| • Taxi ranks / bus terminals    | Straight line       | 8 - 100                      |
| • Parks                         | Straight line       | 8 - 100                      |
| • Fire / ambulance stations     | Straight line       | 8 - 100                      |
| • Zoo and Marine facilities     | Straight line       | 5 - 100                      |
| • Creches                       | Straight line       | 8 - 100                      |
| • Cemeteries / crematoria       | Straight line       | 8 - 100                      |
| • Theatres                      | Straight line       | 8 - 100                      |
| • Clinics / care centres        | Straight line       | 8 - 100                      |
| • Centres                       | Straight line       | 8 - 100                      |
| • Nature reserves               | Straight line       | 8 - 100                      |
| • Libraries                     | Straight line       | 8 - 100                      |
| • Galleries                     | Straight line       | 8 - 100                      |
| • Public ablution facilities    | Straight line       | 8 - 100                      |
| • Stalls                        | Straight line       | 8 - 100                      |
| • Halls                         | Straight line       | 7 - 100                      |
| • Museums                       | Straight line       | 8 - 100                      |
| • Airports                      | Straight line       | 8 - 100                      |
| • Public open space             | Straight line       | 8 - 100                      |
| • Markets                       | Straight line       | 8 - 100                      |
| • Abattoirs                     | Straight line       | 8 - 100                      |
| • Testing stations              | Straight line       | 8 - 100                      |
| • Police                        | Straight line       | 8 - 100                      |
| Sport and recreation facilities |                     |                              |
| • Indoor facilities             | Straight line       | 8 - 100                      |
| • Outdoor facilities            | Straight line       | 5 - 100                      |
| • Leisure/resort facilities     | Straight line       | 8 - 100                      |
| <b><u>Other assets</u></b>      |                     |                              |
| Computer Equipment              | Straight line       | 4 - 5                        |
| • Desktop computer              | Straight line       | 4 - 5                        |
| • Laptop computer               | Straight line       | 4 - 5                        |
| • Tablets                       | Straight line       | 2 - 2                        |
| • Printers                      | Straight line       | 4 - 5                        |
| • Servers                       | Straight line       | 5 - 5                        |
| • Other computer equipment      | Straight line       | 5 - 5                        |
| Furniture and Office Equipment  | Straight line       | 8 - 50                       |
| Housing                         | Straight line       | 8 - 100                      |
| Machinery and Equipment         | Straight line       | 5 - 30                       |
| Operational buildings           |                     |                              |
| • Municipal offices             | Straight line       | 5 - 100                      |
| • Yards                         | Straight line       | 8 - 100                      |
| • Stores                        | Straight line       | 8 - 100                      |
| • Training centres              | Straight line       | 8 - 100                      |
| • Pay / enquiry points          | Straight line       | 8 - 100                      |
| • Building plan offices         | Straight line       | 8 - 100                      |
| • Workshops                     | Straight line       | 8 - 100                      |
| • Laboratories                  | Straight line       | 8 - 100                      |
| • Manufacturing plant           | Straight line       | 8 - 100                      |
| • Depots                        | Straight line       | 8 - 100                      |
| Transport Assets                | Straight line       | 7 - 30                       |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Accounting Policies**

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**1.7 Property, plant and equipment (continued)**

**Infrastructure**

|   |               |          |
|---|---------------|----------|
| Coastal infrastructure                        |               |          |
| • Revetments                                  | Straight line | 10 - 100 |
| • Piers                                       | Straight line | 10 - 80  |
| Roads infrastructure                          |               |          |
| • Road furniture                              | Straight line | 5 - 50   |
| • Road structures                             | Straight line | 5 - 50   |
| • Roads                                       | Straight line | 7 - 30   |
| Electrical infrastructure                     |               |          |
| • Power plants                                | Straight line | 5 - 100  |
| • HV substations                              | Straight line | 5 - 100  |
| • HV switching stations                       | Straight line | 5 - 100  |
| • HV transmission conductors                  | Straight line | 10 - 50  |
| • MV networks                                 | Straight line | 5 - 50   |
| • MV substations                              | Straight line | 5 - 100  |
| • MV switching stations                       | Straight line | 5 - 100  |
| • LV networks                                 | Straight line | 2 - 60   |
| Information and communications infrastructure |               |          |
| • Distribution layers                         | Straight line | 2 - 10   |
| • Core layers                                 | Straight line | 5 - 100  |
| • Data centres                                | Straight line | 8 - 100  |
| Sanitation infrastructure                     |               |          |
| • Outfall sewers                              | Straight line | 7 - 50   |
| • Pump stations                               | Straight line | 5 - 50   |
| • Reticulation                                | Straight line | 7 - 50   |
| • Toilet facilities                           | Straight line | 10 - 50  |
| • Waste water treatment works                 | Straight line | 5 - 100  |
| Solid waste infrastructure                    |               |          |
| • Electricity generation facilities           | Straight line | 8 - 100  |
| • Landfill sites                              | Straight line | 10 - 100 |
| • Waste drop-off points                       | Straight line | 8 - 100  |
| • Waste processing facilities                 | Straight line | 8 - 100  |
| • Waste separation facilities                 | Straight line | 8 - 100  |
| • Waste transfer stations                     | Straight line | 8 - 100  |
| Storm-water infrastructure                    |               |          |
| • Attenuation                                 | Straight line | 5 - 50   |
| • Drainage collection                         | Straight line | 5 - 60   |
| • Storm-water conveyance                      | Straight line | 5 - 50   |
| Water supply infrastructure                   |               |          |
| • Pump stations                               | Straight line | 5 - 50   |
| • Water treatment works                       | Straight line | 5 - 100  |
| • Distribution                                | Straight line | 7 - 30   |
| • Reservoirs                                  | Straight line | 5 - 50   |
| • Boreholes                                   | Straight line | 5 - 50   |
| • Dams weirs                                  | Straight line | 5 - 100  |
| • Distribution points                         | Straight line | 7 - 20   |
| • Bulk mains                                  | Straight line | 7 - 80   |
| • PRV stations                                | Straight line | 5 - 50   |
| Zoo and Marine facilities                     | Straight line | 5 - 100  |

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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#### **1.7 Property, plant and equipment (continued)**

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed for indicators that the expected pattern of consumption of the future economic benefits or service potential embodied in the asset has changed. If detected then the useful life is reviewed. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

#### **1.8 Site restoration and dismantling cost**

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

#### **1.9 Intangible assets**

An intangible asset is an identifiable non-tangible asset without physical substance. Examples include computer software, licences and development costs.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.



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#### 1.9 Intangible assets (continued)

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the Municipality will receive future economic benefits or service potential.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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| Item              | Depreciation method | Average useful life in years |
|-------------------|---------------------|------------------------------|
| Computer Software | Straight line       | 4 - 10                       |
| Servitudes        | Straight line       | 5 - 20                       |

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Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.10 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations.

##### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

##### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

##### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

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**1.10 Heritage assets (continued)**

**Depreciation and Impairment**

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial.

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

The useful lives of items of heritage assets have been assessed as follows:

| <b>Item</b>        | <b>Useful life in years</b> |
|--------------------|-----------------------------|
| Conservation areas | Indefinite                  |
| Historic Buildings | Indefinite                  |
| Monuments          | Indefinite                  |
| Other heritage     | Indefinite                  |

**Derecognition**

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the statement of Financial Performance.

# **Mossel Bay Municipality**

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#### **1.11 Financial instruments**

The Municipal has various types of financial instruments and these can be broadly categorised as either a financial asset or a financial liability.

**A financial asset is:**

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unutilised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

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#### **1.11 Financial instruments (continued)**

- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### **Classification**

The entity has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Long-Term Receivables  
Receivables from Exchange Transactions  
Other Receivables from Non-Exchange Transactions  
Current portion of Long-term Receivables  
Cash and Cash Equivalents

The entity has the following types of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

Long-term Liabilities  
Payables from exchange transactions  
Bank Overdraft  
Current Portion of Long-term Liabilities

#### **Initial recognition**

The Municipality recognises a financial asset or a financial liability in its statement of financial position when the Municipality becomes a party to the contractual provisions of the instrument.

#### **Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### **Impairment and uncollectibility of financial assets**

The Municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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#### **1.11 Financial instruments (continued)**

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### **Derecognition**

##### **Financial assets**

The Municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

##### **Financial liabilities**

The Municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

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#### **1.11 Financial instruments (continued)**

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Financial Performance. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### **Presentation**

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

#### **1.12 Cash and Cash equivalents and Investments**

Cash and cash equivalents include cash on hand, call deposits and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value. Investments is classified as either Non-Current Investments or Short-term Investments. Non-Current Investments is investments made for a period longer than 12 months, whilst those invested for a period of longer than 3 months but shorter than 12 months is classified as Short-term Investments. Recognition and classification of investments are made at inception of the investment. All other call deposits, 32 notice deposits or other forms investments not exceeding 3 months are classified as cash and cash equivalents.

Non-current Investment income is recognised on a time-proportion basis using the effective interest method.

#### **1.13 Statutory receivables**

##### **Identification**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

##### **Recognition**

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

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## **Annual Financial Statements for the year ended 30 June, 2018**

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#### **1.13 Statutory receivables (continued)**

##### **Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

##### **Subsequent measurement**

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

##### **Impairment losses**

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in the Statement of Financial Performance.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in the Statement of Financial Performance.

##### **Derecognition**

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

#### **1.14 Value Added Tax**

##### **Current tax assets and liabilities**

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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#### **1.15 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

##### **Finance leases - lessor**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

##### **Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

##### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

##### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### **1.16 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The weighted average method is used to allocate cost to inventory items.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage. Water inventory is measured at the reporting date by way of readings and the calculated volume in the distribution network. Apparent and real water losses is recognised in the period it occurs.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.



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**1.16 Inventories (continued)**

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.17 Construction contracts and receivables**

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

**1.18 Impairment of cash-generating assets**

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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#### **1.18 Impairment of cash-generating assets (continued)**

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### **Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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**1.18 Impairment of cash-generating assets (continued)**

**Reversal of impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in the Statement of Financial Performance.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

**1.19 Impairment of non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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**1.19 Impairment of non-cash-generating assets (continued)**

**Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

**Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

**Restoration cost approach**

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

**Service units approach**

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

**Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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**1.19 Impairment of non-cash-generating assets (continued)**

**Reversal of an impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in the Statement of Financial Performance.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**1.20 Financial Sustainability**

An equity instrument is any contract that evidences a residual interest in the assets of a municipality after deducting all of its liabilities.

**1.21 Employee benefits**

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

All costs relating to employee benefits such as contributions, interest and / or actuarial gains or losses, is recognised in the statement of financial performance as employee related costs.

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**1.21 Employee benefits (continued)**

**Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

**Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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**1.21 Employee benefits (continued)**

**Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

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#### **1.21 Employee benefits (continued)**

##### **Post-employment benefits: Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.



# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

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#### **1.21 Employee benefits (continued)**

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The Municipality offsets an asset relating to one plan against a liability relating to another plan when the Municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### **Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and is calculated based on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### **Staff Bonusses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

#### **Performance Bonusses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. The performance bonus provision is based on the employment contract stipulations as well as previous performance bonus payment trends.

# **Mossel Bay Municipality**

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#### **1.21 Employee benefits (continued)**

##### **Other post retirement obligations**

The municipality provides post-retirement health care benefits and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The Municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

#### **1.22 Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 55.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

# **Mossel Bay Municipality**

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#### **1.22 Provisions and contingencies (continued)**

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

#### **1.23 Commitments**

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

#### **1.24 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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**1.24 Revenue from exchange transactions (continued)**

**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to **electricity and water** are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

An estimation is made annually of the water and electricity consumptions not yet invoiced, for which an accrual is recognised as at year end.

Revenue from sale of electricity prepaid meter cards are recognised at the point of sale. At year-end the recognition is based on an estimate of the prepaid electricity consumed as at the reporting date. The consumption of pre-paid electricity is calculated by using a trend analysis and other historical data on electricity usage.

Service charges relating to **refusal removal** are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from **sewerage and sanitation** for residential and business properties are levied annually based on a fixed tariff.

**Rentals** are recognised on a straight-line basis over the term of the lease agreement.

**Revenue arising from the application of the approved tariff of charges** is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

The income for **agency services** recognised is commission in terms of the agency agreement.

**Finance income from the sale of housing** by way of installment sales agreements or finance leases is recognised on a time proportionate basis.

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## **Annual Financial Statements for the year ended 30 June, 2018**

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#### **1.24 Revenue from exchange transactions (continued)**

##### **Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in the Statement of Financial Performance, using the effective interest rate method.

Dividends or similar distributions are recognised, in the Statement of Financial Performance, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### **1.25 Revenue from non-exchange transactions**

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

##### **Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

##### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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#### **1.25 Revenue from non-exchange transactions (continued)**

##### **Property rates**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

##### **Grants, transfers and donations**

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

Transferred assets are measured at their fair value as at the date of acquisition.

##### **Fines**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

##### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

**Revenue from third parties** i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of impaired assets.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with the prescribed debt principle as enforced by law.

#### **1.26 Investment income**

Investment income is recognised on a time-proportion basis using the effective interest method.

#### **1.27 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

### **Accounting Policies**

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#### **1.27 Borrowing costs (continued)**

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

Capitalisation is suspended during extended periods in which active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **1.28 Comparative information**

Where necessary, comparative information have been reclassified to conform to changes in presentation in the current year. The nature and reason for the reclassification is disclosed.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements.

#### **1.29 Unauthorised expenditure**

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### **1.30 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### **1.31 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

### **Accounting Policies**

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#### **1.32 Housing development fund**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998 and which requires that the Municipality maintains a separate housing operating account.

Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa), read with, inter alia, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash backed and available funds are invested in accordance with the Municipality's investment policy,
- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Housing,
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets,
- Any interest earned on the investments of the fund is disclosed as interest earned in the statement of financial performance,
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund if funds are available and not already committed to approved existing Housing projects.

#### **1.33 Internal reserves**

##### **Capital replacement reserve (CRR)**

In order to finance capital assets from internal sources, amounts are transferred out of the accumulated surplus into the Capital Replacement Reserve (CRR) in terms of the funding and reserves policy adopted by the Municipality. The cash in the CRR can only be used to finance capital expenditure appropriated in an approved budget. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

#### **1.34 Budget information**

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2017-07-01 to 2018-06-30.

Material differences or variances are defined as any differences or variances above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included the annual financial statements.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The disclosure of comparative budget information is not required in terms of GRAP 24.

#### **1.35 Related parties**

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.



# **Mossel Bay Municipality**

## **Annual Financial Statements for the year ended 30 June, 2018**

### **Accounting Policies**

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#### **1.35 Related parties (continued)**

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### **1.36 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**2. New standards and interpretations**

**2.1 Standards and interpretations issued, but not yet effective**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July, 2018 or later periods:

| <b>Standard/ Interpretation:</b>   | <b>Effective date:<br/>Years beginning on or<br/>after</b> | <b>Expected impact:</b>  |
|--|--|--|
| • GRAP110 Living and Non-living Resources  | 1 April, 2020  | Unlikely there will be a material impact                               |
| • GRAP 20: Related parties   | 1 April, 2019  | Not expected to impact results but may result in additional disclosure |
| • GRAP 32: Service Concession Arrangements: Grantor  | 1 April, 2019  | Unlikely there will be a material impact                               |
| • GRAP 108: Statutory Receivables  | 1 April, 2019  | Not expected to impact results but may result in additional disclosure |
| • GRAP 109: Accounting by Principals and Agents  | 1 April, 2019  | Unlikely there will be a material impact                               |
| • IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset | 1 April, 2019  | Unlikely there will be a material impact                               |
| • IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land                      | 1 April, 2019  | Unlikely there will be a material impact                               |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

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**3. Property, plant and equipment**

|  | 2018                 |   |                      | 2017                 |   |                      |
|--|----------------------|---|----------------------|----------------------|---|----------------------|
|  | Cost                 | Accumulated depreciation and accumulated impairment | Carrying value       | Cost                 | Accumulated depreciation and accumulated impairment | Carrying value       |
| <b>Infrastructure</b>                        |                      |   |                      |                      |   |                      |
| Coastal Infrastructure                       | 3,993,143            | (1,515,430)   | 2,477,713            | 3,993,142            | (1,326,854)   | 2,666,288            |
| Electrical Infrastructure                    | 315,949,233          | (68,252,500)  | 247,696,733          | 291,491,282          | (59,402,200)  | 232,089,082          |
| Information and Communication Infrastructure | 4,181,721            | (2,057,125)   | 2,124,596            | 617,994              | (1,656,133)   | (1,038,139)          |
| Land   | 101,033,942          | -   | 101,033,942          | 101,262,706          | -   | 101,262,706          |
| Roads Infrastructure                         | 411,814,180          | (105,849,950)                                       | 305,964,230          | 383,284,682          | (92,921,391)  | 290,363,291          |
| Sanitation Infrastructure                    | 382,825,299          | (113,978,659)                                       | 268,846,640          | 371,608,308          | (104,210,610)                                       | 267,397,698          |
| Solid Waste Infrastructure                   | 17,988,936           | (15,309,496)  | 2,679,440            | 16,977,942           | (15,162,772)  | 1,815,170            |
| Storm water Infrastructure                   | 166,479,424          | (32,518,113)  | 133,961,311          | 158,499,629          | (27,944,765)  | 130,554,864          |
| Water Supply Infrastructure                  | 488,361,941          | (142,551,068)                                       | 345,810,873          | 457,600,913          | (126,134,742)                                       | 331,466,171          |
| <b>Community Assets</b>                      |                      |   |                      |                      |   |                      |
| Community Assets                             | 295,361,186          | (68,823,600)  | 226,537,586          | 291,993,456          | (61,838,733)  | 230,154,723          |
| Libraries                                    | 12,969,827           | (1,747,032)   | 11,222,795           | 12,969,827           | (1,489,303)   | 11,480,524           |
| Zoo Marine and Non-biological Animals        | 35,285               | (13,318)  | 21,967               | 35,285               | (11,700)  | 23,585               |
| Land   | 80,687,102           | -   | 80,687,102           | 80,687,102           | -   | 80,687,102           |
| <b>Other Assets</b>                          |                      |   |                      |                      |   |                      |
| Operational & Housing Buildings              | 138,077,145          | (23,442,174)  | 114,634,971          | 127,697,904          | (20,928,166)  | 106,769,738          |
| Machinery and Equipment                      | 31,933,084           | (14,056,829)  | 17,876,255           | 26,364,521           | (13,085,437)  | 13,279,084           |
| Furniture and Office Equipment               | 20,019,639           | (10,916,613)  | 9,103,026            | 18,348,146           | (9,897,624)   | 8,450,522            |
| Computer Equipment                           | 14,748,728           | (7,143,970)   | 7,604,758            | 16,145,510           | (6,602,574)   | 9,542,936            |
| Transport Assets                             | 61,293,013           | (22,941,300)  | 38,351,713           | 52,290,865           | (20,404,818)  | 31,886,047           |
| Land   | 132,264,809          | -   | 132,264,809          | 132,264,809          | -   | 132,264,809          |
| <b>Total</b>                                 | <b>2,680,017,637</b> | <b>(631,117,177)</b>                                | <b>2,048,900,460</b> | <b>2,544,134,023</b> | <b>(563,017,822)</b>                                | <b>1,981,116,201</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

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**3. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2018**

|  | Opening<br>balance   | Additions          | Disposals          | Transfers<br>received | Transfers<br>made   | Depreciation        | Impairment<br>loss | Total                |
|--|----------------------|--------------------|--------------------|-----------------------|---------------------|---------------------|--------------------|----------------------|
| <b>Infrastructure</b>                        |                      |                    |                    |                       |                     |                     |                    |                      |
| Coastal Infrastructure                       | 2,666,288            | -                  | -                  | -                     | -                   | (188,575)           | -                  | 2,477,713            |
| Electrical Infrastructure                    | 232,089,082          | 24,465,874         | -                  | 7,490,264             | (7,498,187)         | (8,850,300)         | -                  | 247,696,733          |
| Information and Communication Infrastructure | (1,038,139)          | 3,730,728          | (40,425)           | 3,766,087             | (3,766,087)         | (527,568)           | -                  | 2,124,596            |
| Land   | 101,262,706          | -                  | (228,764)          | 60,000                | (60,000)            | -                   | -                  | 101,033,942          |
| Roads Infrastructure                         | 290,363,291          | 25,344,803         | (10,377)           | 13,875,265            | (10,678,272)        | (12,898,991)        | (31,489)           | 305,964,230          |
| Sanitation Infrastructure                    | 267,397,698          | 10,997,515         | -                  | 9,118,825             | (8,899,349)         | (9,768,049)         | -                  | 268,846,640          |
| Solid Waste Infrastructure                   | 1,815,170            | 1,010,994          | -                  | (318,724)             | 318,724             | (146,724)           | -                  | 2,679,440            |
| Storm water Infrastructure                   | 130,554,864          | 11,392,251         | -                  | (2,740,676)           | (671,780)           | (4,573,348)         | -                  | 133,961,311          |
| Water Supply Infrastructure                  | 331,466,171          | 28,075,785         | (82,709)           | (4,885,669)           | 6,438,636           | (15,201,341)        | -                  | 345,810,873          |
| <b>Community Assets</b>                      |                      |                    |                    |                       |                     |                     |                    |                      |
| Community Assets                             | 230,154,723          | 4,355,199          | (3,745)            | 5,464,378             | (6,507,364)         | (6,880,927)         | (44,678)           | 226,537,586          |
| Libraries                                    | 11,480,524           | -                  | -                  | -                     | -                   | (257,729)           | -                  | 11,222,795           |
| Zoo Marine and Non-biological Animals        | 23,585               | -                  | -                  | -                     | -                   | (1,618)             | -                  | 21,967               |
| Land   | 80,687,102           | -                  | -                  | -                     | -                   | -                   | -                  | 80,687,102           |
| <b>Other Assets</b>                          |                      |                    |                    |                       |                     |                     |                    |                      |
| Operational & Housing Buildings              | 106,769,738          | 10,587,939         | (239,134)          | 19,882,597            | (19,649,237)        | (2,716,932)         | -                  | 114,634,971          |
| Machinery and Equipment                      | 13,279,084           | 6,199,188          | (223,130)          | 2,802,329             | (2,806,342)         | (1,374,874)         | -                  | 17,876,255           |
| Furniture and Office Equipment               | 8,450,522            | 2,245,050          | (213,776)          | 2,267,213             | (2,267,213)         | (1,378,770)         | -                  | 9,103,026            |
| Computer Equipment                           | 9,542,936            | -                  | (99,251)           | (35,359)              | 35,359              | (1,838,927)         | -                  | 7,604,758            |
| Transport Assets                             | 31,886,047           | 9,431,105          | (199,063)          | 9,526,071             | (9,526,071)         | (2,766,376)         | -                  | 38,351,713           |
| Land   | 132,264,809          | -                  | -                  | -                     | -                   | -                   | -                  | 132,264,809          |
|  | <b>1,981,116,201</b> | <b>137,836,431</b> | <b>(1,340,374)</b> | <b>66,272,601</b>     | <b>(65,537,183)</b> | <b>(69,371,049)</b> | <b>(76,167)</b>    | <b>2,048,900,460</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

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**3. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2017**

|   | Opening<br>balance   | Additions          | Disposals        | Transfers<br>received | Transfers<br>made    | Correction of<br>Error | Depreciation        | Impairment<br>reversal | Total                |
|---|----------------------|--------------------|------------------|-----------------------|----------------------|------------------------|---------------------|------------------------|----------------------|
| <b>Infrastructure</b>                           |                      |                    |                  |                       |                      |                        |                     |                        |                      |
| Coastal Infrastructure                          | 2,681,959            | -                  | -                | 172,929               | -                    | -                      | (188,600)           | -                      | 2,666,288            |
| Electrical Infrastructure                       | 197,795,672          | 29,510,484         | (4,010)          | 22,223,946            | (22,130,666)         | 12,915,031             | (8,221,375)         | -                      | 232,089,082          |
| Information and Communication<br>Infrastructure | 1,618,829            | 1,324,445          | (20,834)         | (2,264,879)           | (1,324,445)          | -                      | (371,255)           | -                      | (1,038,139)          |
| Land  | 298,606,236          | -                  | (45,000)         | -                     | -                    | (197,298,530)          | -                   | -                      | 101,262,706          |
| Roads Infrastructure                            | 303,525,266          | 32,021,211         | (1,653)          | 50,476,793            | (76,961,960)         | (6,960,088)            | (11,736,278)        | -                      | 290,363,291          |
| Sanitation Infrastructure                       | 268,217,304          | 13,368,787         | (38,465)         | 22,437,376            | (24,685,239)         | (1,634,113)            | (10,267,952)        | -                      | 267,397,698          |
| Solid Waste Infrastructure                      | 1,935,685            | -                  | -                | 318,724               | -                    | -                      | (754,356)           | 315,117                | 1,815,170            |
| Storm water Infrastructure                      | 96,219,152           | 7,862,760          | -                | 56,632,665            | (31,464,811)         | 5,187,865              | (3,882,767)         | -                      | 130,554,864          |
| Water Supply Infrastructure                     | 318,527,735          | 25,536,125         | (6,786)          | 12,881,812            | (8,394,185)          | (1,720,613)            | (15,357,917)        | -                      | 331,466,171          |
| <b>Community Assets</b>                         |                      |                    |                  |                       |                      |                        |                     |                        |                      |
| Community Assets                                | 212,536,427          | 3,867,071          | (276,922)        | 21,967,903            | (3,664,110)          | 2,368,087              | (6,643,733)         | -                      | 230,154,723          |
| Libraries                                       | 7,617,775            | -                  | -                | 4,023,510             | -                    | -                      | (160,761)           | -                      | 11,480,524           |
| Zoo Marine and Non-biological<br>Animals        | 22,131               | 2,560              | -                | 2,560                 | (2,560)              | -                      | (1,106)             | -                      | 23,585               |
| Land  | 80,687,102           | -                  | -                | -                     | -                    | -                      | -                   | -                      | 80,687,102           |
| <b>Other Assets</b>                             |                      |                    |                  |                       |                      |                        |                     |                        |                      |
| Operational & Housing Buildings                 | 110,132,360          | 17,978,782         | (32,610)         | (4,116,726)           | (18,903,539)         | 4,315,514              | (2,604,043)         | -                      | 106,769,738          |
| Machinery and Equipment                         | 9,574,334            | 7,131,869          | (109,676)        | 864,765               | (2,909,044)          | 131,499                | (1,404,663)         | -                      | 13,279,084           |
| Furniture and Office Equipment                  | 7,873,148            | 2,993,102          | (179,251)        | 2,053,752             | (2,974,785)          | 26,621                 | (1,342,065)         | -                      | 8,450,522            |
| Computer Equipment                              | 7,275,495            | -                  | (134,254)        | 4,500,191             | 3                    | 9,396                  | (2,107,895)         | -                      | 9,542,936            |
| Transport Assets                                | 29,711,401           | 3,652,193          | (106,668)        | 4,857,802             | (3,652,193)          | -                      | (2,576,488)         | -                      | 31,886,047           |
| Land  | 132,264,809          | -                  | -                | -                     | -                    | -                      | -                   | -                      | 132,264,809          |
|   | <b>2,086,822,820</b> | <b>145,249,389</b> | <b>(956,129)</b> | <b>197,033,123</b>    | <b>(197,067,534)</b> | <b>(182,659,331)</b>   | <b>(67,621,254)</b> | <b>315,117</b>         | <b>1,981,116,201</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|   |                            |  | <b>2018<br/>R</b>                        | <b>2017<br/>R</b>  |
|---|----------------------------|--|--|--------------------|
| <b>3. Property, plant and equipment (continued)</b> |                            |  |  |                    |
| <b>Reconciliation of Work-in-Progress 2018</b>      |                            |  |  |                    |
|   | <b>Opening<br/>balance</b> | <b>Additions /<br/>capital<br/>expenditure</b> | <b>Finalised<br/>during the<br/>year</b> | <b>Total</b>       |
| Infrastructure                                      |                            |  |  |                    |
| Electrical infrastructure                           | 16,358,868                 | 24,465,874                                     | (10,974,501)                             | 29,850,241         |
| Information and communications<br>infrastructure    | -                          | 3,730,728                                      | (3,730,728)                              | -                  |
| Road infrastructure                                 | 57,065,318                 | 25,513,878                                     | (26,222,783)                             | 56,356,413         |
| Sanitation infrastructure                           | 20,113,397                 | 10,997,515                                     | (12,945,415)                             | 18,165,497         |
| Storm-water infrastructure                          | 6,888,677                  | 11,392,251                                     | (16,104,551)                             | 2,176,377          |
| Water supply infrastructure                         | 36,490,260                 | 28,075,785                                     | (11,137,950)                             | 53,428,095         |
| Community Assets                                    |                            |  |  |                    |
| Community Assets                                    | 2,438,825                  | 4,355,199                                      | (5,016,750)                              | 1,777,274          |
| Other assets  |                            |  |  |                    |
| Operational & Housing Buildings                     | 13,697,871                 | 10,343,860                                     | (9,596,950)                              | 14,444,781         |
| Machinery and Equipment                             | 4,222,825                  | 6,256,096                                      | (2,806,710)                              | 7,672,211          |
| Furniture and Office Equipment                      | -                          | 2,263,143                                      | (2,263,143)                              | -                  |
| Transport Assets                                    | -                          | 9,431,104                                      | (9,431,104)                              | -                  |
|   | <b>157,276,041</b>         | <b>136,825,433</b>                             | <b>(110,230,585)</b>                     | <b>183,870,889</b> |

**Mossel Bay Municipality**  
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|   | 2018<br>R         | 2017<br>R         |
|---|-------------------|-------------------|
| <b>3. Property, plant and equipment (continued)</b>   |                   |                   |
| <b>Expenditure incurred to repair and maintain property, plant and equipment</b>  |                   |                   |
| <b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance</b> |                   |                   |
| Contracted services   | 35,436,025        | 31,474,179        |
| Employee related costs  | 39,994,170        | 34,753,138        |
| Materials and supplies  | 12,401,707        | 8,775,616         |
| Other expenditure   | 795,268           | 862,954           |
|   | <b>88,627,170</b> | <b>75,865,887</b> |

Property, Plant and Equipment are initially recognised at cost and are carried at cost less accumulated depreciation and impairments.

There are no restrictions on the realisability of Property, Plant and Equipment or the remittance of revenue and proceeds of de-recognition.

No Property, Plant and Equipment are pledged as security for liabilities, except for leased property as set out in Note 17.

There were no significant delays on projects or any construction halted for the reporting period.

Refer to Notes 46 for detail regarding the change in accounting estimates relating to change in useful lives and residual value of PPE assets.

Refer to Note 53 for the amount of contractual commitment for the acquisition of PPE. The amount of R 57 858 108 for contracted commitments is approved and contracted.

Finance lease liabilities are secured over the items of computer equipment and office equipment leased. The total carrying value of these leased assets at 30 June 2018 is R18 877 and include leased assets where the finance leases have been fully redeemed, but the assets are still used by the Municipality. The monthly payments regarding these leased assets are treated as operating leases.

Included in the infrastructure cost is an amount of R127 832 541 for Seawater Desalination Plant which was completed during the 2012/13 year and is the Municipality's portion of the capital expenditure for the construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. There are no budget capital commitments toward the seawater Desalination facility for the following year.

The impairment of the guard hut at Louis Fourie landfill site due to Structural damage were reversed as a result of the restoration work that were completed in June 2017.

The following assets carry impairments as at reporting date:

- Louis Fourie/Danabay Traffic Lights at intersection
- Carport next to main offices

**Mossel Bay Municipality**  
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**Notes to the Annual Financial Statements**

Figures in Rand

**4. Investment property**

|                     | 2018        |   |                | 2017        |   |                |
|---------------------|-------------|---|----------------|-------------|---|----------------|
|                     | Cost        | Accumulated depreciation and accumulated impairment | Carrying value | Cost        | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 602,534,736 | (9,312,210)   | 593,222,526    | 606,005,216 | (8,579,197)   | 597,426,019    |

**Reconciliation of investment property - 2018**

|                     | Opening balance | Disposals   | Transfers received | Transfers made | Depreciation | Total       |
|---------------------|-----------------|-------------|--------------------|----------------|--------------|-------------|
| Investment property | 597,426,019     | (2,541,754) | 41,066             | (776,483)      | (926,322)    | 593,222,526 |

**Reconciliation of investment property - 2017**

|                     | Opening balance | Additions | Disposals | Transfers received | Correction of Error | Depreciation | Total       |
|---------------------|-----------------|-----------|-----------|--------------------|---------------------|--------------|-------------|
| Investment property | 627,276,210     | -         | (399,673) | 34,411             | (28,548,900)        | (936,029)    | 597,426,019 |



**Mossel Bay Municipality**  
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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**4. Investment property (continued)**

**Amounts recognised in surplus or deficit**

|   |           |           |
|---|-----------|-----------|
| Rental revenue from Investment property | 2,621,389 | 2,511,076 |
|---|-----------|-----------|

At initial recognition, the Municipality measures Investment Property at cost and the cost model is applied to investment property for subsequent measurement. Under the cost model, Investment Property is carried at its cost minus accumulated depreciation at the reporting date.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of de-recognition.

No investment properties were pledged as security for liabilities.

The depreciation expense is included in the line item "Depreciation and amortisation " (Note 35) in the Statement of Financial Performance.

There were no significant delays on projects or any construction halted for the reporting period.

**Expenditure incurred to repair and maintain investment property**

**Expenditure incurred to repair and maintain investment property  
included in Statement of Financial Performance**

|                        |                |                |
|------------------------|----------------|----------------|
| Contracted Services    | 692,650        | 304,376        |
| Materials and Supplies | 15,058         | -              |
|                        | <b>707,708</b> | <b>304,376</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**5. Intangible assets**

|                   | 2018      |   |                | 2017      |   |                |
|-------------------|-----------|---|----------------|-----------|---|----------------|
|                   | Cost      | Accumulated amortisation and accumulated impairment | Carrying value | Cost      | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 1,220,249 | (626,541)   | 593,708        | 1,220,249 | (495,893)   | 724,356        |

**Reconciliation of intangible assets - 2018**

|                   | Opening balance | Amortisation | Total   |
|-------------------|-----------------|--------------|---------|
| Computer software | 724,356         | (130,648)    | 593,708 |

**Reconciliation of intangible assets - 2017**

|                   | Opening balance | Amortisation | Total   |
|-------------------|-----------------|--------------|---------|
| Computer software | 895,140         | (170,784)    | 724,356 |

**Other information**

Intangible assets are initially recognised at cost and are carried at cost less accumulated amortisation and impairments.

Intangible assets have finite useful lives and the estimated remaining useful lives are reviewed at each reporting period.

The amortisation expense is included in the line item "Depreciation and amortisation " (Note 35) in the Statement of Financial Performance.

The Municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets were pledged as security for liabilities.

**Expenditure incurred to repair and maintain intangible assets**

No repairs and maintenance were incurred during the current or previous year.

**6. Heritage assets**

|                      | 2018             |                               |                  | 2017             |                               |                  |
|----------------------|------------------|-------------------------------|------------------|------------------|-------------------------------|------------------|
|                      | Cost             | Accumulated impairment losses | Carrying value   | Cost             | Accumulated impairment losses | Carrying value   |
| Historical monuments | 95,003           | -                             | 95,003           | 95,003           | -                             | 95,003           |
| Conservation areas   | 730,200          | -                             | 730,200          | 730,200          | -                             | 730,200          |
| Historical buildings | 3,397,827        | -                             | 3,397,827        | 3,397,827        | -                             | 3,397,827        |
| Other                | 2,569            | -                             | 2,569            | 2,569            | -                             | 2,569            |
| <b>Total</b>         | <b>4,225,599</b> | <b>-</b>                      | <b>4,225,599</b> | <b>4,225,599</b> | <b>-</b>                      | <b>4,225,599</b> |

**Mossel Bay Municipality**  
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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**6. Heritage assets (continued)**

**Reconciliation of heritage assets 2018**

|                      | Opening<br>balance | Additions | Impairment<br>losses<br>recognised | Total            |
|----------------------|--------------------|-----------|------------------------------------|------------------|
| Historical monuments | 95,003             | -         | -                                  | 95,003           |
| Conservation areas   | 730,200            | -         | -                                  | 730,200          |
| Historical buildings | 3,397,827          | -         | -                                  | 3,397,827        |
| Other                | 2,569              | -         | -                                  | 2,569            |
|                      | <b>4,225,599</b>   | <b>-</b>  | <b>-</b>                           | <b>4,225,599</b> |

**Reconciliation of heritage assets 2017**

|                      | Opening<br>balance | Additions | Impairment<br>losses<br>recognised | Total            |
|----------------------|--------------------|-----------|------------------------------------|------------------|
| Historical monuments | 95,003             | -         | -                                  | 95,003           |
| Conservation areas   | 730,200            | -         | -                                  | 730,200          |
| Historical buildings | 3,397,827          | -         | -                                  | 3,397,827        |
| Other                | 2,569              | -         | -                                  | 2,569            |
|                      | <b>4,225,599</b>   | <b>-</b>  | <b>-</b>                           | <b>4,225,599</b> |

There is no restrictions on title and disposal of heritage assets and no heritage assets are pledged as securities.

**Heritage assets which fair values cannot be reliably measured due to impracticability:**

**Site 3419, Mossel Bay - Cave at the point**

The Cape st. Blaize Cave at the point in Mosselbay, situated on site 3419, is classified as a heritage asset controlled and owned by the Municipality. The Cape st. Blaize Cave yield artefacts dating back 80 000 years. The artefacts themselves are housed at the Culture Museum which is not controlled or owned by the Municipality.

**Sites 7357 and 2938 Mossel Bay - Harry Giddey**

The Harry Giddey Park on site 2938 is classified as a heritage asset of the Municipality. The park was erected in 1887 and originally named after Queen Victoria of England to commemorate her 50th year as Queen. The park was renamed later in 1939 as the Harry Giddey Park in honour of Mr Harry Giddey, a wealthy person of Mossel Bay, for all the efforts to upgrade the park.

**Expenditure incurred to repair and maintain heritage assets**

No repairs and maintenance were incurred during the current or previous year.

**7. Long term receivables**

**At amortised cost**

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Land Sales Debtors      | 10,297           | 12,208           |
| Bursary Obligations     | 189,631          | 140,460          |
| Public Assistance Loans | 5,909            | 47,070           |
| Housing Selling Schemes | 1,022,838        | 1,235,031        |
|                         | <b>1,228,675</b> | <b>1,434,769</b> |
| Impairments             | (396,001)        | (284,371)        |
|                         | <b>832,674</b>   | <b>1,150,398</b> |

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|   | 2018<br>R      | 2017<br>R        |
|---|----------------|------------------|
| <b>7. Long term receivables (continued)</b>                       |                |                  |
| <b>Non-current assets</b>   |                |                  |
| At amortised cost   | 354,732        | 813,717          |
| <b>Current assets</b>   |                |                  |
| At amortised cost   | 477,942        | 336,681          |
| <b>Total</b>  | <b>832,674</b> | <b>1,150,398</b> |
| <b>Reconciliation of debt impairment of long-term receivables</b> |                |                  |
| Balance at the beginning of the year                              | 284,371        | 978,734          |
| Contribution to / (Reversal from) provision                       | 111,630        | (694,363)        |
| Bad debts written off / recovered                                 | -              | -                |
|   | <b>396,001</b> | <b>284,371</b>   |

Outstanding Land Sales debtors and Housing selling scheme loans were summarised in scheme numbers. A payment % report was drawn in order to establish the payment percentage per type of debtor. This payment percentage was used to impair these long-term receivables.

No provision for debt impairment to be recognised for study and public assistance loans.

Land Sales: Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

Public assistance loans: To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of between 12% and 15% per annum. The last repayment is in September 2018.

Housing Selling Scheme Loans: Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

**8. Investments**

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Long-term Investments            | 36,000,000        | 24,000,000        |
| Long-term Deposits: Other bodies | 3,484,725         | 3,898,052         |
| Less: Payment to other bodies    | (3,484,725)       | (3,898,052)       |
|                                  | <b>36,000,000</b> | <b>24,000,000</b> |

No investments were written off during the year.

The average rate of return on Long-term Investments were 10.65% for the year ended 30 June 2018.

Investments are made in accordance with the Municipality's Cash Management and Investment policy as follows:

- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- Council's total investment portfolio be invested with banks according to investment policy
- Not more than 50% of the total investments invested with one institution

Long-term Deposits: Other bodies (Group Schemes):

These deposits are Group Scheme funds of employees that is paid over to the Municipality, who then invests these funds in the name of the employee in Money market funds. It therefore has no impact on the Municipality's Statement of Financial Position.

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**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|                                 | 2018<br>R         | 2017<br>R         |
|---------------------------------|-------------------|-------------------|
| <b>9. Inventories</b>           |                   |                   |
| Consumables                     | 13,053,840        | 11,479,593        |
| Housing Topstructures           | 31,966,625        | 9,301,163         |
| Unsold property held for resale | 4,134,797         | 6,063,851         |
| Water                           | 503,106           | 406,385           |
|                                 | <b>49,658,368</b> | <b>27,250,992</b> |

Inventory to the value of R5,417,077 (2017: R7,649,755) was written off during the financial year.

Housing stock inventory relates to various housing topstructure projects, including the Azizani/Zinyoka housing project, UISP, Louis Fourie Corridor, Herbertsdale 154 Topstructures and Sonskynvallei projects for which Mossel Bay Municipality is the appointed developer as well as housing emergency kits.

Land relates to developed land that is held for resale by the municipality, mostly aimed at middle-income households.

Water inventory relates to purified water under the control of the municipality. The cost of sale per kiloliter increased from R4.05 p/kl in 2017 to R5.01 p/kl in 2018 representing an increase in cost of sale of 23.8%.

All inventory for the current year are carried at the lower of cost or the net realisable value.

None of the inventories were pledged as security for liabilities.

**10. Operating leases**

**The Municipality as lessor**

Operating leases relate to Property owned by the Municipality with lease terms of between one to thirty years. The lessee does not have an option to purchase the property at the expiry of the lease period.

**Non-cancellable Operating Lease assets recognised in the Statement of Financial Performance**

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Balance at the beginning of year | 194,471        | 182,106        |
| Movement for the year            | 2,436          | 12,365         |
|                                  | <b>196,907</b> | <b>194,471</b> |

**The following receipts have been recognised as an income in the Statement of Financial Performance**

|               |           |           |
|---------------|-----------|-----------|
| Rental income | 4,468,064 | 4,260,713 |
|---------------|-----------|-----------|

**At the reporting date the Municipality had lease receipts receivable under non-cancellable operating leases for Investment Property, which fall due as follows:**

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Up to 1 year      | 3,969,165         | 2,980,694         |
| 1 to 5 years      | 9,858,827         | 9,587,437         |
| More than 5 years | 38,004,477        | 38,328,716        |
|                   | <b>51,832,469</b> | <b>50,896,847</b> |

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13.

**The Municipality as lessee**

Operating leases relate to buildings with lease terms of between one to ten years, with an option to extend for a further period. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

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|  | 2018<br>R           | 2017<br>R           |
|--|---------------------|---------------------|
| <b>10. Operating leases (continued)</b>  |                     |                     |
| <b>Non-cancellable Operating Lease liabilities recognised in the Statement of Financial Performance</b>  |                     |                     |
| Balance at the beginning of the year   | 1,673,415           | 1,345,487           |
| Movement for the year  | 171,741             | 327,927             |
|  | <b>1,845,156</b>    | <b>1,673,414</b>    |
| <b>The following payments have been recognised as an expenditure in the Statement of Financial Performance</b>   |                     |                     |
| Lease rentals on operating lease   | 2,593,725           | 2,405,907           |
| <b>At the reporting date the Municipality had outstanding commitments under non-cancellable operating leases for buildings, which fall due as follows:</b> |                     |                     |
| Up to 1 year   | 2,605,172           | 2,593,725           |
| 1 to 5 years   | 9,350,298           | 10,898,263          |
| More than 5 years  | 2,650,954           | 3,708,162           |
|  | <b>14,606,424</b>   | <b>17,200,150</b>   |
| <b>11. Receivables from exchange transactions</b>  |                     |                     |
| <b>Gross balances</b>  |                     |                     |
| Electricity  | 36,458,234          | 33,692,945          |
| Water  | 24,480,332          | 16,539,022          |
| Sewerage   | 6,894,034           | 5,736,338           |
| Refuse   | 3,876,935           | 3,128,317           |
| Land sales   | 8,861               | 7,768               |
| Housing selling schemes  | 1,116,666           | 1,040,157           |
| Housing rental   | 145,653             | 130,014             |
| Other (merchandising, jobbing, contracts and service charges)  | 11,924,291          | 9,326,542           |
|  | <b>84,905,006</b>   | <b>69,601,103</b>   |
| <b>Less: Allowance for impairment</b>  |                     |                     |
| Electricity  | (1,773,288)         | (1,732,272)         |
| Water  | (3,651,388)         | (3,417,995)         |
| Sewerage   | (2,519,946)         | (2,066,413)         |
| Refuse   | (444,099)           | (322,088)           |
| Land sales   | (8,107)             | (5,607)             |
| Housing selling schemes  | (1,105,041)         | (299,717)           |
| Housing rental   | (138,884)           | (100,320)           |
| Other (merchandising, jobbing, contracts and service charges)  | (2,597,953)         | (2,839,524)         |
|  | <b>(12,238,706)</b> | <b>(10,783,936)</b> |
| <b>Net balance</b>   |                     |                     |
| Electricity  | 34,684,946          | 31,960,673          |
| Water  | 20,828,944          | 13,121,027          |
| Sewerage   | 4,374,088           | 3,669,925           |
| Refuse   | 3,432,836           | 2,806,229           |
| Land sales   | 754                 | 2,161               |
| Housing selling schemes  | 11,625              | 740,440             |
| Housing rental   | 6,769               | 29,694              |
| Other (merchandising, jobbing, contracts and service charges)  | 9,326,338           | 6,487,018           |
|  | <b>72,666,300</b>   | <b>58,817,167</b>   |

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|   | 2018<br>R         | 2017<br>R         |
|---|-------------------|-------------------|
| <b>11. Receivables from exchange transactions (continued)</b>   |                   |                   |
| The tables below contain information about the ageing of receivables from exchange transactions for each service: |                   |                   |
| <b>Electricity</b>  |                   |                   |
| Current (0 -30 days)  | 33,300,940        | 30,312,123        |
| 31 - 60 days  | 978,463           | 1,171,849         |
| 61 - 90 days  | 247,545           | 259,854           |
| 91 - 120 days   | 160,791           | 122,044           |
| 121 - 365 days  | 271,979           | 248,522           |
| > 365 days  | 1,498,516         | 1,578,553         |
| Less: Impairment  | (1,773,288)       | (1,732,272)       |
|   | <b>34,684,946</b> | <b>31,960,673</b> |
| <b>Water</b>  |                   |                   |
| Current (0 -30 days)  | 17,388,385        | 11,220,667        |
| 31 - 60 days  | 1,247,937         | 843,497           |
| 61 - 90 days  | 535,230           | 432,422           |
| 91 - 120 days   | 890,284           | 399,965           |
| 121 - 365 days  | 756,793           | 697,430           |
| > 365 days  | 3,661,703         | 2,945,041         |
| Less: Impairment  | (3,651,388)       | (3,417,995)       |
|   | <b>20,828,944</b> | <b>13,121,027</b> |
| <b>Sewerage</b>   |                   |                   |
| Current (0 -30 days)  | 3,314,173         | 2,646,950         |
| 31 - 60 days  | 539,107           | 353,533           |
| 61 - 90 days  | 258,003           | 205,801           |
| 91 - 120 days   | 217,304           | 164,043           |
| 121 - 365 days  | 436,453           | 377,057           |
| > 365 days  | 2,128,994         | 1,988,954         |
| Less: Impairment  | (2,519,946)       | (2,066,413)       |
|   | <b>4,374,088</b>  | <b>3,669,925</b>  |
| <b>Refuse</b>   |                   |                   |
| Current (0 -30 days)  | 2,804,743         | 2,393,909         |
| 31 - 60 days  | 352,736           | 220,662           |
| 61 - 90 days  | 116,524           | 75,750            |
| 91 - 120 days   | 83,180            | 51,403            |
| 121 - 365 days  | 146,875           | 95,961            |
| >365 days   | 372,877           | 290,632           |
| Less: Impairment  | (444,099)         | (322,088)         |
|   | <b>3,432,836</b>  | <b>2,806,229</b>  |

Service debtors receivables that are past due as at the end of 2017/18 but not impaired, for less than 30 days is R56 808 241.06 (2016/17: R46 573 649.10) and for more than 30 days is R6 512 575 (2016/17: R4 984 203.65).

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|   | 2018<br>R  | 2017<br>R    |
|---|------------|--------------|
| <b>11. Receivables from exchange transactions (continued)</b> |            |              |
| <b>Land sales</b>   |            |              |
| Current (0 -30 days)  | 418        | 451          |
| 31 - 60 days  | 314        | 328          |
| 61 - 90 days  | 141        | 258          |
| 91 - 120 days   | 142        | 138          |
| 121 - 365 days  | 413        | 311          |
| >365 days   | 7,433      | 6,282        |
| Less: Impairment  | (8,107)    | (5,607)      |
|   | <b>754</b> | <b>2,161</b> |

Land Sales receivables that are past due as at the end of 2017/18 but not impaired, for less than 30 days is R418 (2016/17: R451) and for more than 30 days is R336 (2016/17: R1 710).

|                                |               |                |
|--------------------------------|---------------|----------------|
| <b>Housing selling schemes</b> |               |                |
| Current (0 -30 days)           | 15,666        | 13,455         |
| 31 - 60 days                   | 14,050        | 15,936         |
| 61 - 90 days                   | 11,957        | 12,352         |
| 91 - 120 days                  | 11,452        | 12,056         |
| 121 - 365 days                 | 49,042        | 35,154         |
| >365 days                      | 1,014,499     | 951,204        |
| Less: Impairment               | (1,105,041)   | (299,717)      |
|                                | <b>11,625</b> | <b>740,440</b> |

Housing Selling Schemes receivables that are past due as at the end of 2017/18 but not impaired, for less than 30 days is R11 625 (2016/17: R13 455) and for more than 30 days is Rnil (2016/17: R726 984).

|                       |              |               |
|-----------------------|--------------|---------------|
| <b>Housing rental</b> |              |               |
| Current (0 -30 days)  | 4,518        | 4,413         |
| 31 - 60 days          | 3,173        | 3,032         |
| 61 - 90 days          | 2,379        | 2,379         |
| 91 - 120 days         | 1,835        | 2,153         |
| 121 - 365 days        | 15,489       | 6,014         |
| >365 days             | 118,259      | 112,023       |
| Less: Impairment      | (138,884)    | (100,320)     |
|                       | <b>6,769</b> | <b>29,694</b> |

Housing rentals receivables that are past due as at the end of 2017/18 but not impaired, for less than 30 days is R4 518 (2016/17: R4 413) and for more than 30 days is R2 250 (2016/17: R25 281).

|  |                  |                  |
|--|------------------|------------------|
| <b>Other (merchandising, jobbing, contracts and service charges)</b> |                  |                  |
| Current (0 -30 days)   | 7,197,910        | 5,809,451        |
| 31 - 60 days   | 185,392          | 453,473          |
| 61 - 90 days   | 129,956          | 133,156          |
| 91 - 120 days  | 101,648          | 56,722           |
| 121 - 365 days   | 625,683          | 367,124          |
| >365 days  | 3,683,702        | 2,506,616        |
| Less: Impairment   | (2,597,953)      | (2,839,524)      |
|  | <b>9,326,338</b> | <b>6,487,018</b> |

Other receivables that are past due as at the end of 2017/18 but not impaired, for less than 30 days is R7 197 910 (2016/17: R5 809 451) and for more than 30 days is R2 128 429 (2016/17: R677 567).



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|   | 2018<br>R           | 2017<br>R           |
|---|---------------------|---------------------|
| <b>11. Receivables from exchange transactions (continued)</b> |                     |                     |
| <b>Summary of receivables by customer classification</b>      |                     |                     |
| Residential   | 37,172,380          | 39,100,961          |
| Industrial / Commercial                                       | 20,086,781          | 13,003,582          |
| National / Provincial government                              | 4,351,647           | 2,024,857           |
| Other   | 11,055,492          | 4,687,767           |
|   | <b>72,666,300</b>   | <b>58,817,167</b>   |
| <b>Reconciliation of allowance for impairment</b>             |                     |                     |
| Balance at beginning of the year                              | (10,783,936)        | (9,156,322)         |
| Movement in allowance for impairment                          | (1,454,770)         | (1,627,614)         |
|   | <b>(12,238,706)</b> | <b>(10,783,936)</b> |
| <b>12. Receivables from non-exchange transactions</b>         |                     |                     |
| <b>Gross balance</b>  |                     |                     |
| Rates   | 13,066,396          | 10,932,086          |
| Traffic fines   | 41,287,839          | 79,004,858          |
| Payments made in advance                                      | 3,371,364           | 2,826,572           |
| Government grants and subsidies                               | 128,834             | 128,834             |
| Other   | 3,196,837           | 2,802,489           |
| Recoverable expenditure                                       | 75,644              | 75,644              |
|   | <b>61,126,914</b>   | <b>95,770,483</b>   |
| <b>Less: Allowance for impairment</b>                         |                     |                     |
| Rates   | (4,213,238)         | (4,623,259)         |
| Traffic fines   | (35,668,971)        | (70,140,753)        |
| Other   | (1,945,651)         | (1,982,128)         |
|   | <b>(41,827,860)</b> | <b>(76,746,140)</b> |
| <b>Net balance</b>  |                     |                     |
| Rates   | 8,853,158           | 6,308,827           |
| Traffic fines   | 5,618,868           | 8,864,105           |
| Payments made in advance                                      | 3,371,364           | 2,826,572           |
| Government grants and subsidies                               | 128,834             | 128,834             |
| Other   | 1,251,186           | 820,361             |
| Recoverable expenditure                                       | 75,644              | 75,644              |
|   | <b>19,299,054</b>   | <b>19,024,343</b>   |

Sundry debtors are grouped together in financial assets with similar credit risk characteristics and collectively assessed for debt impairment. However the "Other Debtors" are individually assessed.

Provision for debt impairment is made for the debtor created for funds outstanding from LGSETA, Rates Debtors and Traffic Fines.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|   | 2018<br>R        | 2017<br>R        |
|---|------------------|------------------|
| <b>12. Receivables from non-exchange transactions (continued)</b> |                  |                  |
| <b>Rates: Ageing</b>  |                  |                  |
| Current (0 -30 days)  | 7,201,654        | 5,150,608        |
| 31 - 60 days  | 1,211,697        | 471,823          |
| 61 - 90 days  | 348,673          | 254,561          |
| 91 - 120 days   | 283,776          | 192,925          |
| 121 - 365 days  | 512,091          | 441,714          |
| > 365 days  | 3,508,505        | 4,420,455        |
| Less: Impairment  | (4,213,238)      | (4,623,259)      |
|   | <b>8,853,158</b> | <b>6,308,827</b> |

Rates receivables that are past due as at the end of 2017/18 but not impaired, for less than 30 days is R7 201 654 (2016/17: R5 150 608) and for more than 30 days is R1 651 504 (2016/17: R1 158 220).

**Summary of rates by customer classification**

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Residential                      | 6,797,005        | 4,541,602        |
| Industrial / Commercial          | 1,918,968        | 1,122,246        |
| National / Provincial government | 90,067           | 233,352          |
| Other                            | 47,118           | 411,627          |
|                                  | <b>8,853,158</b> | <b>6,308,827</b> |

**Reconciliation of allowance for impairment**

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| Balance at beginning of the year     | (76,746,140)        | (56,724,181)        |
| Movement in allowance for impairment | 34,918,280          | (20,021,959)        |
|                                      | <b>(41,827,860)</b> | <b>(76,746,140)</b> |

**13. VAT Payable / Receivable**

|                |            |           |
|----------------|------------|-----------|
| VAT Receivable | 10,896,467 | 8,071,252 |
|----------------|------------|-----------|

VAT is payable on the receipts basis. Only once payment is received from debtors VAT is paid over to SARS.

**14. Short term investments**

|               |                    |                    |
|---------------|--------------------|--------------------|
| ABSA Bank     | -                  | 73,812,942         |
| Investec      | -                  | 92,281,281         |
| Nedbank       | 202,882,926        | 199,715,005        |
| Standard Bank | 209,016,485        | -                  |
|               | <b>411,899,411</b> | <b>365,809,228</b> |

The average rate of return on Short-term Investments were 7.99% for the year ended 30 June 2018.

**15. Cash and cash equivalents**

Cash and cash equivalents consist of:

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Petty cash          | 19,060            | 19,060            |
| Bank balances       | 9,326,904         | 16,177,119        |
| Short-term deposits | 5,003,562         | 35,337,048        |
|                     | <b>14,349,526</b> | <b>51,533,227</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**15. Cash and cash equivalents (continued)**

The municipality had the following bank accounts

| Account number / description                                 | Bank statement balances |                   |                  | Cash book balances |                   |                  |
|--|-------------------------|-------------------|------------------|--------------------|-------------------|------------------|
|  | 30 June, 2018           | 30 June, 2017     | 30 June, 2016    | 30 June, 2018      | 30 June, 2017     | 30 June, 2016    |
| Primary Bank Account - Nedbank cheque account 1134644809     | 8,474,401               | 141,237           | -                | 9,326,904          | -                 | -                |
| Primary Bank Account - Standard Bank cheque account 82846979 | -                       | 11,138,440        | 4,389,210        | -                  | 16,177,119        | 8,985,565        |
| Traffic Bank Account 300965338                               | -                       | (4)               | 290              | -                  | -                 | -                |
| <b>Total</b>   | <b>8,474,401</b>        | <b>11,279,673</b> | <b>4,389,500</b> | <b>9,326,904</b>   | <b>16,177,119</b> | <b>8,985,565</b> |

|   | 2018      | 2017       |
|---|-----------|------------|
| Investments: Current portion matures within next 12 months - Refer Note 7 | 5,003,562 | 35,337,048 |

All accounts of Mossel Bay Municipality are held with Nedbank. The balance of account no. 1134643764 - Account for Traffic fines, is swept to the Primary bank account no. 1134644809 daily.

No cash and cash equivalents were pledged as security for liabilities

No restrictions were placed on the use of cash and cash equivalents.

**16. Other financial liabilities**

**At amortised cost**

|                              |            |            |
|------------------------------|------------|------------|
| Long term loans              | 33,842,799 | 30,993,649 |
| Local registered stock loans | 44,572     | 106,110    |

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Total other financial liabilities</b> | <b>33,887,371</b> | <b>31,099,759</b> |
|--|-------------------|-------------------|

**Local registered stock loans:**

Local registered stock loans bear interest at rates between 12 and 15 percent per annum and expires in September 2018.

**Long term loans:**

The Municipality has taken up a R30 million loan from the Development Bank of South Africa to fund the Seawater Desalination plant constructed in the 2010/11 financial year. This loan bear interest at a floating rate of 10.442%.

The Municipality has taken up a R4,8 million loan from ABSA Bank in the 15/16 financial year, a R6,5 million loan from ABSA in the 16/17 financial year and a R5,6 million loan from Nedbank in the current financial year to fund the Midbrak main sewer network project. These loans are for a period of 10 years and bear interest at an all-in rate of 9%, 9.5% and 10.21% respectively.

Refer to Appendix A for more detail on other financial liabilities.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  | 2018<br>R         | 2017<br>R         |
|--|-------------------|-------------------|
| <b>16. Other financial liabilities (continued)</b> |                   |                   |
| <b>Non-current liabilities</b>                     |                   |                   |
| At amortised cost                                  | 30,651,228        | 28,296,818        |
| <b>Current liabilities</b>                         |                   |                   |
| At amortised cost                                  | 3,236,143         | 2,802,941         |
| <b>Total</b>                                       | <b>33,887,371</b> | <b>31,099,759</b> |
| <b>17. Finance lease obligation</b>                |                   |                   |
| <b>Minimum lease payments due</b>                  |                   |                   |
| - within one year                                  | 13,785            | 237,233           |
| - in second to fifth year inclusive                | 6,076             | 19,860            |
| - later than five years                            | -                 | -                 |
|  | 19,861            | 257,093           |
| Future finance charges on finance leases           | (984)             | (12,541)          |
| <b>Present value of minimum lease payments</b>     | <b>18,877</b>     | <b>244,552</b>    |
| <b>Present value of minimum lease payments due</b> |                   |                   |
| - within one year                                  | 12,944            | 225,676           |
| - in second to fifth year inclusive                | 5,933             | 18,877            |
|  | <b>18,877</b>     | <b>244,553</b>    |
| Non-current liabilities                            | 5,933             | 18,877            |
| Current liabilities                                | 12,944            | 225,676           |
|  | <b>18,877</b>     | <b>244,553</b>    |

Finance lease liabilities relate to computers and office equipment with lease terms not more than five years. Finance leases bear interest at rates between 9.27 and 31.9 percent for Computers and between 9 and 31 percent for Office Equipment. Finance lease liabilities are secured over the items of office equipment and computers leased.

**18. Employee benefit obligations**

The amounts recognised in the statement of financial position are as follows:

|  |                    |                   |
|--|--------------------|-------------------|
| <b>Non-current liabilities</b>                 |                    |                   |
| Post-Retirement Medical Aid benefits liability | 85,930,000         | 73,038,000        |
| Ex-gratia pension benefits liability           | 1,279,000          | 1,344,000         |
| Long service awards                            | 15,507,000         | 13,764,000        |
|  | <b>102,716,000</b> | <b>88,146,000</b> |
| <b>Current liabilities</b>                     |                    |                   |
| Post-Retirement Medical Aid benefits liability | 4,699,000          | 5,392,000         |
| Ex-gratia pension benefits liability           | 196,000            | 202,000           |
| Long service awards                            | 1,065,000          | 1,562,000         |
| Performance bonuses accrual                    | 956,856            | 753,593           |
| Staff leave accrual                            | 14,691,330         | 14,227,038        |
| Employee bonus accrual                         | 5,157,635          | 4,965,196         |
| Employee overtime / Standby allowance accrual  | 1,090,860          | 1,059,393         |
|  | <b>27,856,681</b>  | <b>28,161,220</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|   | 2018<br>R          | 2017<br>R          |
|---|--------------------|--------------------|
| <b>18. Employee benefit obligations (continued)</b> |                    |                    |
| <b>Total liabilities</b>                            |                    |                    |
| Post-Retirement Medical Aid benefits liability      | 90,629,000         | 78,430,000         |
| Ex-gratia pension benefits liability                | 1,475,000          | 1,546,000          |
| Long service awards                                 | 16,572,000         | 15,326,000         |
| Performance bonuses accrual                         | 956,856            | 753,593            |
| Staff leave accrual                                 | 14,691,330         | 14,227,038         |
| Employee bonus accrual                              | 5,157,635          | 4,965,196          |
| Employee overtime / Standby allowance accrual       | 1,090,860          | 1,059,393          |
|   | <b>130,572,681</b> | <b>116,307,220</b> |

**18.1 POST EMPLOYMENT HEALTH CARE BENEFITS**

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

Subsidy arrangement:

Mossel Bay is committed to pay subsidies broadly as follows:

- All new continuation pensioners (that are currently still in service) and their dependants will receive a 70% subsidy subject to the maximum (CAP) amount of R4,027 (per month per member) for the period 1 July 2017 to 30 June 2018. The maximum (CAP) amount was R3,871 in the previous financial year.
- All existing continuation pensioners and their dependants will continue to receive a 70% subsidy subject to the maximum (CAP) amount of R4,027 (per month per member) for the period 1 July 2017 to 30 June 2018. That said, there are four continuation pensioners who receive a 100% subsidy. The maximum (CAP) amount was R3,871 in the previous financial year.
- Per the actuary valuation report, it was assumed that the subsidy would increase by 50% of long term CPI.

Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

|                         |            |            |
|-------------------------|------------|------------|
| Active employees        | 491        | 462        |
| Continuation pensioners | 125        | 128        |
|                         | <b>616</b> | <b>590</b> |

The unfunded liability in respect of past service has been estimated as follows:

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| Active employees        | 37,397,000        | 30,789,000        |
| Continuation pensioners | 53,232,000        | 47,641,000        |
|                         | <b>90,629,000</b> | <b>78,430,000</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  | 2018<br>R         | 2017<br>R         |
|--|-------------------|-------------------|
| <b>18. Employee benefit obligations (continued)</b>  |                   |                   |
| <b>Summary of active employees</b>   |                   |                   |
| Number of principal members  | 491               | 462               |
| Average age (years)  | 42                | 42                |
| Average past service (years)   | 11                | 11                |
| Average employer monthly contribution  | 2,437             | 2,379             |
| <b>Summary of continuation pensioners:</b>   |                   |                   |
| Number of principal members  | 125               | 128               |
| Average age (years)  | 68                | 68                |
| Average employer monthly contributions   | 3,601             | 3,471             |
| The active employees were assumed to have one dependent, on retirement, in the form of a spouse, as per the marriage assumption table.       |                   |                   |
| The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:                              |                   |                   |
| <ul style="list-style-type: none"> <li>• Bonitas</li> <li>• LA Health</li> <li>• HOSMED</li> <li>• Key Health</li> <li>• SAMWUMED</li> </ul> |                   |                   |
| <u>Results of valuations:</u>  |                   |                   |
| <b>Results of Valuations</b>   |                   |                   |
| <b>Accrued Liability</b>   |                   |                   |
| Active employees   | 37,397,000        | 30,789,000        |
| Continuation pensioners  | 53,232,000        | 47,641,000        |
|  | <b>90,629,000</b> | <b>78,430,000</b> |
| <b>All members</b>   |                   |                   |
| Total value of liabilities   | 90,629,000        | 78,430,000        |
| Value of assets  | -                 | -                 |
| <b>Unfunded accrued liability</b>  | <b>90,629,000</b> | <b>78,430,000</b> |
| The total liability increased by 15.6% over the accounting period.   |                   |                   |
| <b>Current service and interest cost</b>   |                   |                   |
| Current service cost (Active employees)  | 2,933,000         | 3,871,000         |
| Interest cost (All members)  | 7,709,000         | 7,706,000         |
|  | <b>10,642,000</b> | <b>11,577,000</b> |
| <b>Actuarial gains and losses</b>  |                   |                   |
| Actuarial (Gain) / Loss for the period   | 6,944,373         | (24,487,697)      |

The main reasons for the actuarial (gain) / loss can be attributed to the following factors:

- **Discount rate changes** – The net discount rate changed from 2.10% to 2.56% during the valuation period. The net discount rate is inversely related to the provision towards the post employment medical subsidies. The increased net discount rate results in a lower accrued liability. As a result, the accrued liability decreased in the current valuation period.
- **Participant changes** - The movements in the number of participants resulted in a decrease to the accrued liability.
- **Medical inflationary changes** – The medical inflation assumption in the previous valuation period was lower than the actual increases in the medical contributions experienced by participants. This increased the liability.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|   | 2018<br>R                         | 2017<br>R                         |                                   |                                   |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>18. Employee benefit obligations (continued)</b> <ul style="list-style-type: none"> <li> <b>Miscellaneous</b> – The miscellaneous items in the data resulted in a decrease to the liability by R 2,279,000. Factors that make up the miscellaneous items are changes to data from prior year and variations from demographic assumptions (i.e. rates of withdrawal). </li> </ul> |                                   |                                   |                                   |                                   |                                   |
| <b>Past and future changes in the accrued liability</b>   | <b>Year ending<br/>30/06/2016</b> | <b>Year ending<br/>30/06/2017</b> | <b>Year ending<br/>30/06/2018</b> | <b>Year ending<br/>30/06/2019</b> | <b>Year ending<br/>30/06/2020</b> |
| Opening accrued liability   | 86,151,000                        | 96,341,000                        | 78,430,000                        | 90,629,000                        | 98,081,000                        |
| Current service cost  | 3,052,000                         | 3,871,000                         | 2,933,000                         | 3,455,000                         | 3,796,000                         |
| Interest Cost   | 7,785,000                         | 7,706,000                         | 7,709,000                         | 8,696,000                         | 9,423,000                         |
| Contributions (Benefit payments)  | (4,363,946)                       | (5,000,303)                       | (5,387,373)                       | (4,699,000)                       | (4,819,000)                       |
|   | 92,624,054                        | 102,917,697                       | 83,684,627                        | 98,081,000                        | 106,481,000                       |
| Actuarial Loss / (Gain)   | 3,716,946                         | (24,487,697)                      | 6,944,373                         | -                                 | -                                 |
|   | <b>96,341,000</b>                 | <b>78,430,000</b>                 | <b>90,629,000</b>                 | <b>98,081,000</b>                 | <b>106,481,000</b>                |

Key actuarial assumptions used:

Valuation assumptions

It is the relative levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is the expectation of the long-term average.

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

Financial variables:

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

| <b>Net Discount Rate</b>            | <b>2018</b> | <b>2017</b> |
|-------------------------------------|-------------|-------------|
| Discount rate (D)                   | 9.85 %      | 10.07 %     |
| Consumer price inflation (C)        | 6.11 %      | 6.81 %      |
| Health care cost inflation (H)      | 7.11 %      | 7.81 %      |
| Net discount rate $((1-D)/(1+H)-1)$ | 2.56 %      | 2.10 %      |

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2017 the duration of liabilities was 12.26 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2018 is 9.85% per annum, and the yield on the inflation-linked bonds of a similar term was about 2.56% per annum, implying an underlying expectation of inflation of 6.11% per annum  $([1 + 9.85\% - 0.05\%] / [1 + 2.56\%] - 1)$ .

A healthcare cost inflation rate of 7.11% was assumed. This is 1.00% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. A net discount factor of 2.56% per annum  $([1 + 9.85\%] / [1 + 7.11\%] - 1)$  has thus been assumed. This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**18. Employee benefit obligations (continued)**

**Demographic and decrement assumptions used**

|  | Active employees          | Pensioners                |
|--|---------------------------|---------------------------|
| Normal retirement age  | 65                        | -                         |
| Fully accrued age (to take account for ill-health and early retirement decrements) | 63                        | -                         |
| Employment age used for past service period  | Actual service entry ages | Actual service entry ages |
| Age difference between spouses   | 5 years                   | Actual ages used          |
| Proportion married   | Actual marital status     | Actual marital status     |
| Mortality  | SA85-90 (Normal)          | PA (90)                   |

**Withdrawal rates over the current valuation period:**

| Age band | Withdrawal rate - males | Withdrawal rate - females |
|----------|-------------------------|---------------------------|
| 20 - 24  | 16 %                    | 24 %                      |
| 25 - 29  | 12 %                    | 18 %                      |
| 30 - 34  | 10 %                    | 15 %                      |
| 35 - 39  | 8 %                     | 10 %                      |
| 40 - 44  | 6 %                     | 6 %                       |
| 45 - 49  | 4 %                     | 4 %                       |
| 50 - 54  | 2 %                     | 2 %                       |
| 55 - 59  | 1 %                     | 1 %                       |
| 60+      | 0 %                     | 0 %                       |

Continuation Percentages:

The assumption is that continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants.

**Amounts recognised in the Statement of Financial Position are as follows:**

|                                       | 2018              | 2017              |
|---------------------------------------|-------------------|-------------------|
| Present value of fund obligations     | 90,629,000        | 78,430,000        |
| Fair value of plan assets             | -                 | -                 |
| Unfunded accrued liability            | 90,629,000        | 78,430,000        |
| Unrecognised transitional liability   | -                 | -                 |
| Unrecognised past service cost        | -                 | -                 |
| Unrecognised actuarial gains (losses) | -                 | -                 |
| Miscellaneous item                    | -                 | -                 |
| <b>Net liability</b>                  | <b>90,629,000</b> | <b>78,430,000</b> |

**The amounts recognised in the Statement of Financial Performance are as follows:**

|   |                   |                     |
|---|-------------------|---------------------|
| Current service cost  | 2,933,000         | 3,871,000           |
| Interest cost   | 7,709,000         | 7,706,000           |
| Actuarial (gains) / loss  | 6,944,373         | (24,487,697)        |
| <b>Total included in employee related cost - Refer to note 33</b> | <b>17,586,373</b> | <b>(12,910,697)</b> |

History of Liabilities, Assets and Experience Adjustments

**Present value of accrued liability and Fair value of plan assets**



**Mossel Bay Municipality**  
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**Notes to the Annual Financial Statements**

|   | 2018<br>R                                  | 2017<br>R                                  |
|---|--|--|
| <b>18. Employee benefit obligations (continued)</b> |  |  |
|   | <b>Year ended<br/>30/06/2014<br/>R'000</b> | <b>Year ended<br/>30/06/2015<br/>R'000</b> |
| Present value of accrued liability                  | 81,877                                     | 86,151                                     |
| Fair value of plan assets                           | -  | -  |
| <b>Surplus / (deficit)</b>                          | <b>(81,877)</b>                            | <b>(86,151)</b>                            |
|   | <b>Year ended<br/>30/06/2016<br/>R'000</b> | <b>Year ended<br/>30/06/2017<br/>R'000</b> |
|   | 96,341                                     | 78,430                                     |
|   | <b>Year ended<br/>30/06/2018<br/>R'000</b> |  |
|   | 90,629                                     |  |
|   | <b>(96,341)</b>                            | <b>(78,430)</b>                            |
|   | <b>(90,629)</b>                            |  |

**Experience adjustments:**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments for the current period is as follows:

|                                |  |  |  |  |  |
|--------------------------------|--|--|--|--|--|
|                                | <b>Year ended<br/>30/06/2014<br/>R'000</b> | <b>Year ended<br/>30/06/2015<br/>R'000</b> | <b>Year ended<br/>30/06/2016<br/>R'000</b> | <b>Year ended<br/>30/06/2017<br/>R'000</b> | <b>Year ended<br/>30/06/2018<br/>R'000</b> |
| Plan liabilities (gain) / loss | 622  | (145)                                      | (91)                                       | (12)                                       | 10   |
| Plan assets                    | -  | -  | -  | -  | -  |

Sensitivity analysis:

The accrued liability is a function of the valuation assumptions, and which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Mossel Bay Municipality.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Long-term discount rate:

|                              |                    |   |                    |
|------------------------------|--------------------|---|--------------------|
|                              | <b>1% decrease</b> | <b>30 June 2018<br/>Valuation<br/>basis</b> | <b>1% increase</b> |
|                              | <b>R'000</b>       | <b>R'000</b>                                | <b>R'000</b>       |
| Employer's accrued liability | 102,588            | 90,629                                      | 80,789             |
| Service cost                 | 4,118              | 3,455                                       | 2,929              |
| Interest cost                | 8,871              | 8,696                                       | 8,511              |

As per the table above, a 1% increase in the long-term discount rate results in a 10.86% decrease in the accrued liability whilst a 1% decrease in the long-term discount rate will result in a 13.20% increase in the accrued liability.

Mortality

The table that follows shows the impact of a change in the mortality assumption from the base assumption of PA(90). It shows the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%.

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**18. Employee benefit obligations (continued)**

|                              | -20% Mortality<br>rate<br>R'000 | 30 June 2018<br>Valuation<br>basis<br>R'000 | +20%<br>Mortality rate<br>R'000 |
|------------------------------|---------------------------------|---|---------------------------------|
| Employer's accrued liability | 95,987                          | 90,629                                      | 86,179                          |
| Service cost                 | 3,605                           | 3,455                                       | 3,326                           |
| Interest cost                | 9,223                           | 8,696                                       | 8,258                           |

*Reducing the mortality by 20% implies that for each beneficiary they are likely to live longer having been assigned a mortality rate applicable to a younger individual and vice-versa when the mortality is increased by 20%.*

The 20% positive adjustment would result in a 5.91% decrease in the accrued liability whilst a 20% negative adjustment would result in a 4.91% increase in the accrued liability.

**18.2 EX-GRATIA GRATUITIES**

The employer's Ex-Gratia Pensions liability consists of a commitment to pay pensions to eligible employees upon meeting the condition admissible for an Ex-Gratia Pension. This liability is also generated in respect of spouse dependants who are offered continued Ex-Gratia pensions on the death of the primary Ex-Gratia pensioner.

Mossel Bay is committed to pay Ex-Gratia Pensions as follows:

- Certain pensions are paid by the Municipality from its revenue and are therefore not funded by any of the Municipality's pension funds. The Revenue Pensions are also referred to as "Ex-Gratia" Pensions. Ex-Gratia pensioners receive a monthly Ex-Gratia pension, increased annually and payable for life.
- Spouses receive 60% upon the Ex-Gratia pensioner's death.
- Ex-Gratia Pension increase aim to target 50% of long term CPI.

Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's Ex-Gratia Pensions costs in respect of an Ex-Gratia pensioner should be fully recognised by the time that the Ex-Gratia pensioner reaches fully accrued age whilst in service. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

**Statistics on eligible retirees:**

|                                      | 2018  | 2017  |
|--------------------------------------|-------|-------|
| Number of pensioners                 | 7     | 7     |
| Average monthly salary               | 2,330 | 2,330 |
| Pension-weighted average age (years) | 81    | 80    |

Results of Valuation:

**Accrued liability**

|                            |           |           |
|----------------------------|-----------|-----------|
| Total value of liabilities | 1,475,000 | 1,546,000 |
| Value of assets            | -         | -         |

**Unfunded accrued liability**

|                  |                  |
|------------------|------------------|
| <b>1,475,000</b> | <b>1,546,000</b> |
|------------------|------------------|

The total liability decreased by 4.9% over the accounting period.

**Current-Service and Interest Costs**

|                     |         |         |
|---------------------|---------|---------|
| Total interest cost | 124,000 | 129,000 |
|---------------------|---------|---------|

The service cost is nil as there are not active employees accruing service towards this benefit.

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|   | 2018<br>R | 2017<br>R |
|---|-----------|-----------|
| <b>18. Employee benefit obligations (continued)</b> |           |           |
| <b>Actuarial gains and losses</b>                   |           |           |
| Actuarial (gain) / loss for the period              | 725       | (9,948)   |

The main reasons for the actuarial (gain) / loss can be attributed to the following factors:

- **Discount rate changes** – The net discount rate changed from 5.72% to 5.91% during the valuation period. The net discount rate is inversely related to the provision towards the Ex-Gratia pensions. The increased net discount rate resulted in a lower accrued liability.
- **Miscellaneous** - The miscellaneous items in the data resulted in an increase to the liability of R17,000. Factors that make up the miscellaneous items are changes to data from prior year and variations from demographic assumptions (i.e. rates of withdrawal).

**Past and future changes in the accrued liability**

| Liability History          | Year ending<br>30/06/2016 | Year ending<br>30/06/2017 | Year ending<br>30/06/2018 | Year ending<br>30/06/2019 | Year ending<br>30/06/2020 |
|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Opening accrued liability  | 1,742,000                 | 1,625,000                 | 1,546,000                 | 1,475,000                 | 1,399,000                 |
| Current service cost*      |                           |                           |                           |                           |                           |
| - Interest cost            | 150,000                   | 129,000                   | 124,000                   | 120,000                   | 114,000                   |
| - Benefit payments         | (198,263)                 | (198,052)                 | (195,725)                 | (196,000)                 | (196,000)                 |
| Actuarial (gain) / losses  | (68,737)                  | (9,948)                   | 725                       | -                         | -                         |
| <b>Surplus / (Deficit)</b> | <b>1,625,000</b>          | <b>1,546,000</b>          | <b>1,475,000</b>          | <b>1,399,000</b>          | <b>1,317,000</b>          |

\*The service cost is nil as there are no active employees accruing service towards this benefit.

Key actuarial assumptions used:

Financial Variables: The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

|   | 2018   | 2017   |
|---|--------|--------|
| <b>Net discount rate</b>                |        |        |
| Discount rate (D)                       | 8.75 % | 8.55 % |
| Consumer price inflation (C)            | 5.36 % | 5.35 % |
| Ex-Gratia pension increase (50% of CPI) | 2.68 % | 2.68 % |
| Net discount rate $((1+D)/(1+H)-1)$     | 5.91 % | 5.72 % |

It is the relative levels of the discount rate and Ex-Gratia pension increase target to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is the expectation of the long-term average.

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2017 the duration of liabilities was 5.92 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2018 is 8.75% per annum, and the yield on the inflation-linked bonds of a similar term was about 2.74% per annum, implying an underlying expectation of inflation of 5.36% per annum  $([1 + 8.75\% - 0.5\%] / [1 + 2.74\%] - 1)$ .

An Ex-Gratia pension increase rate of 2.68% was assumed. This is 50% of the expected inflation over the expected term of the liability.

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**18. Employee benefit obligations (continued)**

However, it is the relative levels of the discount rate and Ex-Gratia pension increase to one another that are important, rather than the nominal values. A net discount factor of 5.91% per annum  $([1 + 8.75\%] / [1 + 2.68\%] - 1)$  has thus been assumed. This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

Demographic and Decrement Assumptions:

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

|                                |                                  |
|--------------------------------|----------------------------------|
|                                | <b>Ex-Gratia Pensioners</b>      |
| Age difference between spouses | Males 5 years older than Females |
| Proportion married             | Actual marital status            |
| Mortality                      | PA (90)                          |

Continuation Percentages:

The assumption is that continuation of the Ex-Gratia pension would be at 60% of the principal Ex-Gratia pensioner.

**The amounts recognised in the Statement of Financial Position are as follows:**

|   |                  |                  |
|---|------------------|------------------|
| Present value of fund obligations       | 1,475,000        | 1,546,000        |
| Fair value of plan assets               | -                | -                |
|   | <b>1,475,000</b> | <b>1,546,000</b> |
| Unrecognised transitional liability     | -                | -                |
| Unrecognised past service cost          | -                | -                |
| Unrecognised actuarial gains / (losses) | -                | -                |
| Miscellaneous item                      | -                | -                |
| <b>Net liability</b>                    | <b>1,475,000</b> | <b>1,546,000</b> |

**The amounts recognised in the Statement of Financial Performance are as follows:**

|   |                |                |
|---|----------------|----------------|
| Current service cost  | -              | -              |
| Interest cost   | 124,000        | 129,000        |
| Actuarial (gains) / losses  | 725            | (9,948)        |
| <b>Total included in employee related cost - Refer to note 33</b> | <b>124,725</b> | <b>119,052</b> |

**History of Liabilities, Assets and Experience Adjustments:**

**Present value of accrued liability and Fair value of plan assets**

|                                    | Year ending<br>30/06/2016 | Year ending<br>30/06/2017 | Year ending<br>30/06/2018 | Year ending<br>30/06/2019 | Year ending<br>30/06/2020 |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Present value of accrued liability | 1,625,000                 | 1,546,000                 | 1,475,000                 | 1,399,000                 | 1,317,000                 |
| Fair value of plan assets          | -                         | -                         | -                         | -                         | -                         |
| <b>Surplus / (deficit)</b>         | <b>(1,625,000)</b>        | <b>(1,546,000)</b>        | <b>(1,475,000)</b>        | <b>(1,399,000)</b>        | <b>(1,317,000)</b>        |

**Experience adjustments:**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**18. Employee benefit obligations (continued)**

|                                | Year ending<br>30/06/2017 | Year ending<br>30/06/2015 | Year ending<br>30/06/2016 | Year ending<br>30/06/2017 | Year ending<br>30/06/2018 |
|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Plan liabilities (gain) / loss | 16,000                    | (23,737)                  | 5,000                     | (5,000)                   | 17,000                    |
| Plan assets                    | -                         | -                         | -                         | -                         | -                         |

Sensitivity analysis:

The accrued liability is a function of the valuation assumptions, and which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Mossel Bay Municipality.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Discount rate:

The effect of a one percent increase and decrease in the net discount rates is as follows:

|                              | 1% decrease | 30 June 2018<br>Valuation<br>basis<br>R'000 | 1% increase |
|------------------------------|-------------|---|-------------|
|                              | R'000       |   | R'000       |
| Employer's accrued liability | 1,563       | 1,475                                       | 1,396       |
| Interest cost                | 113         | 120   | 127         |

As per the table above, a 1% increase in the net discount rate results in a 5.36% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 5.97% increase in the accrued liability.

Mortality:

The table that follows shows the impact of a change in the mortality assumption from PA(90) to PA(90)-2 with a two year adjustment.

|                              | 30 June 2018<br>Valuation<br>basis<br>R'000 | PA(90)-2<br>R'000 |
|------------------------------|---|-------------------|
| Employer's accrued liability | 1,475                                       | 1,587             |
| Interest cost                | 120   | 130               |

PA(90)-2 (PA(90) with a two-year age adjustment) means that, to each beneficiary we assigned a mortality rate of an individual two years younger than that beneficiary, ie lighter mortality implying that the individual lives longer than expected in the valuation basis.

The above table highlights the effects of a two year adjustment to the mortality assumption as at 30 June 2018. The adjustment would result in a 7.59% increase in the accrued liability.

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**18. Employee benefit obligations (continued)**

**18.3 LONG SERVICE AWARDS**

The long service bonus awards are accumulated leave days allocated for years of service by the employee to the Municipality. The long service bonus awards are allocated in the form of annual leave days and is convertible into cash in the year the employee attains the service eligible for an award. As a result the award is also a function of the employee's annual salary. The annual salary is converted into a daily salary by dividing the annual salary by 249.

Accounting Standard GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

Valuation Method.

Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date.

In determining these liabilities, due allowance has been made for future award increases.

For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death.

In accordance with the requirements of GRAP 25, the Projected Unit Credit method of funding has been applied.

Nature of the liability

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year the employee attains the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy.

Mossel Bay Municipality offers bonuses for every 5 years of completed service from 10 years to 45 years. In addition a 14th Cheque is awarded from 30 years of service onwards to 45 years. Below we outline the benefits awarded to qualifying employees.

| Completed Service<br>(Years) | Long Service<br>Bonus Award<br>(Working Days) | 14th Cheque                        | Determination of cash bonus      |
|------------------------------|---|------------------------------------|----------------------------------|
| 10                           | 10  | -                                  | (10/249*) x Annual Salary        |
| 15                           | 15  | -                                  | (15/249*) x Annual Salary        |
| 20                           | 20  | -                                  | (20/249*) x Annual Salary        |
| 25                           | 25  | -                                  | (25/249*) x Annual Salary        |
| 30                           | 30  | 14th cheque = 1/12 x Annual Salary | (30/249* + 1/12) x Annual Salary |
| 35                           | 35  | 14th cheque = 1/12 x Annual Salary | (35/249* + 1/12) x Annual Salary |
| 40                           | 40  | 14th cheque = 1/12 x Annual Salary | (40/249* + 1/12) x Annual Salary |
| 45                           | 45  | 14th cheque = 1/12 x Annual Salary | (45/249* + 1/12) x Annual Salary |

\*A day of accumulated leave is worth 1/249 of the annual salary.

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. The assumption is that in all cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

Valuation of Assets:

We are not aware of any assets set aside for long service bonus awards funding that qualify as plan assets in terms of the requirements of GRAP 25. As such a nil value has been ascribed to the fair value of plan assets.

**Statistics on eligible employees**

|                              |     |     |
|------------------------------|-----|-----|
| Number of eligible employees | 935 | 880 |
|------------------------------|-----|-----|

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|   | 2018<br>R         | 2017<br>R         |
|---|-------------------|-------------------|
| <b>18. Employee benefit obligations (continued)</b> |                   |                   |
| Average annual salary (Rand)                        | 176,824           | 167,680           |
| Salary-weighted average age (years)                 | 42                | 42                |
| Salary-weighted average past service (years)        | 10                | 10                |
| <u>Results of valuation:</u>                        |                   |                   |
| <b>Accrued liability</b>                            |                   |                   |
| Total value of liabilities                          | 16,572,000        | 15,326,000        |
| Value of assets                                     | -                 | -                 |
| <b>Unfunded Accrued Liability</b>                   | <b>16,572,000</b> | <b>15,326,000</b> |
| <br>Average liability per member                    | <br>17,724        | <br>17,416        |

The total liability increased by 8.1% over the accounting period.

The main reasons for the actuarial loss can be attributed to the following factors:

- **Discount rate changes** - The net discount rate changed from 1.60% to 1.87% during the valuation period. The net discount rate is inversely related to the provision towards future bonus payments. The increased net discount rate results in a lower accrued liability. As a result the accrued liability reduced in the current valuation period.
- **Staff changes** - Movements in the staff employed by Mossel Bay Municipality resulted in a decrease to the accrued liability.
- **Salary changes** - The salary increase anticipated as at 01 July 2018 resulted in an increase to the accrued liability.
- **Miscellaneous** - The miscellaneous items in the data resulted in a decrease to the liability of R108,000. Factors that make up the miscellaneous items are changes to membership compositions, data changes from the previous valuation, and variations from demographic assumptions (i.e. rates of withdrawal).

| <b>Past and Future Changes in the Accrued Liability:</b> | <b>Year ending 30/06/2016</b> | <b>Year ending 30/06/2017</b> | <b>Year ending 30/06/2018</b> | <b>Year ending 30/06/2019</b> | <b>Year ending 30/06/2020</b> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Opening Accrued Liability                                | 13,917,000                    | 14,673,000                    | 15,326,000                    | 16,572,000                    | 18,166,000                    |
| Current service cost                                     | 1,153,000                     | 1,100,000                     | 1,122,000                     | 1,211,000                     | 1,251,000                     |
| Interest cost  | 1,272,000                     | 1,344,000                     | 1,293,000                     | 1,448,000                     | 1,559,000                     |
| Benefit payments   | (910,414)                     | (1,021,155)                   | (1,650,770)                   | (1,065,000)                   | (1,806,000)                   |
| Actuarial Loss / (Gain)                                  | (758,586)                     | (769,845)                     | 481,770                       | -                             | -                             |
|  | <b>14,673,000</b>             | <b>15,326,000</b>             | <b>16,572,000</b>             | <b>18,166,000</b>             | <b>19,170,000</b>             |

Key actuarial assumptions used:

Financial Variables

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

| <b>Net discount rate</b> | <b>2018</b> | <b>2017</b> |
|--------------------------|-------------|-------------|
| Discount rate            | 9.03 %      | 8.89 %      |
| Consumer price inflation | 6.03 %      | 6.17 %      |
| Salary increase rate     | 7.03 %      | 7.17 %      |
| Net discount rate        | 1.87 %      | 1.60 %      |

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2017 the duration of liabilities was 7.32 years. At this duration the discount rate determined by using the Bond Exchange Zero (JSE) Coupon Yield Curve as at 30 June 2018 is 9.03% per annum, and the yield on inflation-linked bonds of a similar term was about 2.83% per annum. This implies an underlying expectation of inflation of 6.03% per annum  $[(1 + 9.03\%) / (1 + 2.83\%) - 1]$ .

It has been assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 7.03% per annum.

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**18. Employee benefit obligations (continued)**

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. A net discount factor of 1.87% per annum ( $[1 + 9.03\%] / [1 + 7.03\%] - 1$ ) was thus assumed.

Demographic and mortality assumptions

|                                 | 2018    | 2017    |
|---------------------------------|---------|---------|
| Normal retirement age (years)   | 65      | 65      |
| Assumed retirement age (years)* | 63      | 63      |
| Mortality                       | SA85-90 | SA85-90 |

\*The average retirement age for all active employees was assumed to be 63 years. This assumptions implicitly allows for ill-health and early retirements.

Promotional salary increase rates

In addition to the normal salary inflation rate, the following promotional salary increases were assumed:

| Age band | Promotional increases |
|----------|-----------------------|
| 20 - 24  | 5%                    |
| 25 - 29  | 4%                    |
| 30 - 34  | 3%                    |
| 35 - 39  | 2%                    |
| 40 - 44  | 1%                    |
| >45      | -%                    |

Withdrawal Decrements

The following withdrawal assumptions were applicable over the current valuation periods:

**Withdrawal rates over the current valuation period:**

| Age band | Withdrawal<br>rate - males | Withdrawal<br>rate - females |
|----------|----------------------------|------------------------------|
| 20 - 24  | 16 %                       | 24 %                         |
| 25 - 29  | 12 %                       | 18 %                         |
| 30 - 34  | 10 %                       | 15 %                         |
| 35 - 39  | 8 %                        | 10 %                         |
| 40 - 44  | 6 %                        | 6 %                          |
| 45 - 49  | 4 %                        | 4 %                          |
| 50 - 54  | 2 %                        | 2 %                          |
| 55 - 59  | 1 %                        | 1 %                          |
| 60+      | 0 %                        | 0 %                          |

**The amounts recognised in the Statement of Financial Position are as follows:**

|   |                   |                   |
|---|-------------------|-------------------|
| Present value of fund obligations       | 16,572,000        | 15,326,000        |
| Fair value of plan assets               | -                 | -                 |
|   | 16,572,000        | 15,326,000        |
| Unrecognised transitional liability     | -                 | -                 |
| Unrecognised past service cost          | -                 | -                 |
| Unrecognised actuarial gains / (losses) | -                 | -                 |
| Miscellaneous item                      | -                 | -                 |
| <b>Net liability</b>                    | <b>16,572,000</b> | <b>15,326,000</b> |



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|   | 2018<br>R        | 2017<br>R        |
|---|------------------|------------------|
| <b>18. Employee benefit obligations (continued)</b>                                     |                  |                  |
| <b>The amounts recognised in the Statement of Financial Performance are as follows:</b> |                  |                  |
| Current service cost  | 1,122,000        | 1,100,000        |
| Interest cost   | 1,293,000        | 1,344,000        |
| Actuarial losses / (gains)  | 481,770          | (769,845)        |
|   | <b>2,896,770</b> | <b>1,674,155</b> |

**HISTORY OF LIABILITIES, ASSETS AND EXPERIENCE ADJUSTMENTS:**

**Present value of accrued liability and Fair value of plan assets**

|                                    | Year ending<br>30/06/2014 | Year ending<br>30/06/2015 | Year ending<br>30/06/2016 | Year ending<br>30/06/2017 | Year ending<br>30/06/2018 |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Present value of accrued liability | 13,276,000                | 13,917,000                | 14,673,000                | 15,326,000                | 16,572,000                |
| Fair value of plan assets          | -                         | -                         | -                         | -                         | -                         |
| <b>Surplus / (deficit)</b>         | <b>(13,276,000)</b>       | <b>(13,917,000)</b>       | <b>(14,673,000)</b>       | <b>(15,326,000)</b>       | <b>(16,572,000)</b>       |

**Experience adjustments**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

|                                | Year ending<br>30/06/2014 | Year ending<br>30/06/2015 | Year ending<br>30/06/2016 | Year ending<br>30/06/2017 | Year ending<br>30/06/2018 |
|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Plan liabilities (gain) / loss | 850,000                   | (58,000)                  | (46,000)                  | 548,000                   | 793,000                   |
| Plan assets                    | -                         | -                         | -                         | -                         | -                         |

**Sensitivity Analysis:**

The liability derived by this valuation is dependent on the assumptions set out, which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses and will be recognised by Mossel Bay Municipality in accordance with a consistently applied amortisation process.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

**Salary Inflation:**

The valuation bases assume that the salary inflation rate (which manifests itself as the annual increase in employees' salaries which determine the bonuses payable) will be 1.87% less than the corresponding discount rate, in the long term. The effect of a one percent increase and decrease in the salary inflation rates is as follows:

|                                 | 1% decrease | 30 June 2018<br>Valuation<br>basis | 1% increase |
|---------------------------------|-------------|------------------------------------|-------------|
|                                 | R'000       | R'000                              | R'000       |
| Employer's accrued liability    | 15,423      | 16,572                             | 17,855      |
| Employer's current service cost | 1,113       | 1,211                              | 1,323       |
| Employer's interest cost        | 1,345       | 1,448                              | 1,564       |

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**18. Employee benefit obligations (continued)**

The above table illustrates that for the 30 June 2018 financial year, a 1% increase in the salary increase rate assumption will result in a 7.74% increase in the accrued liability, whilst, a 1% decrease in the salary increase rate assumption will result in a 6.93% decrease in the accrued liability.

Mortality

The table that follows shows the impact of a change in the mortality assumption from SA85-90 to SA85-90 with a two year adjustment.

|                                 | 30 June 2018<br>Valuation<br>basis<br>SA85-90<br>R'000 | SA85-90 -2<br>R'000 |
|---------------------------------|--|---------------------|
| Employer's accrued liability    | 16,572   | 16,729              |
| Employer's current service cost | 1,211  | 1,223               |
| Employer's expense cost         | 1,448  | 1,463               |

SA85-90 -2 (with a two-year age adjustment) means that, to each beneficiary we assigned a mortality rate of an individual two years younger than that beneficiary, ie lighter mortality implying that the individual lives longer than expected in the valuation basis.

The above table highlights the effects of a two year adjustment to the mortality assumption as at 30 June 2018. The adjustment would result in a 0.95% increase in the accrued liability.

**18.4 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS**

The personnel of Mosselbay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers, and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

**18.4.1 Consolidated Retirement Fund**

The restructuring of the fund was recently successfully concluded with the transfer of the last remaining active defined benefit members to the defined contribution section. The last valuation for the Consolidated Retirement Fund was performed for the year ended 30 June 2016. As at the valuation date, the total value of net assets of the Fund was R20.119 billion (2015: R18.363 billion). An effective investment return of 8.1% (2015: 5.2%) per annum was awarded for the Growth Portfolio, 7.1% (2015: 7.1%) for the Protection Portfolio, 6.9% (2015: 7.9%) for the Moderate Portfolio and 7.4% (2015: 7.2%) per annum for the Pensioner Portfolio for the year ending 30 June 2016. The funding level for the Member Share Account was 100.5% (2015: 100.0%), 100.0% (2015: 100%) for the Preservation Pension Account and 118.0% (2015: 112.1%) for the Pensions Account.

**18.4.2 SALA Pension Fund**

The SALA Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The last valuation performed for the 12 month period ended 30 April 2016 revealed that as at the valuation date the total assets of the fund was R13.924 billion. Active Member's portion of the total Fund returned 5.18%, DC Members returned 5.16% and Pensioners Members' portion returned 4.97% per annum.

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**18. Employee benefit obligations (continued)**

**18.4.3 Municipal Councillors Pension Fund**

As per Circular: MCPF 4/2018, the High Court of South Africa, North Gauteng Division, has placed the business of the Municipal Councillors Pension Fund under provisional Curatorship on 19th December 2017, in terms of section 5(1) of the Financial Institutions (Protection of Funds) Act, 2001. The provisional Curatorship has since been made final by the same court on the 19th March 2018. This process is still in progress.

**18.4.4 South African Municipal Workers Union National Provident Fund**

The last valuation for the South African Municipal Workers Union National Provident Fund (renamed the Municipal Workers' Retirement Fund with effect from 1 March 2016), was performed for the year ended 30 June 2017. As at the valuation date, the Fund's assets was sufficient to cover the member's Fund Credits and the brought-forward 2014 surplus, and to provide an acceptable level for the risk benefits reserve, data reserve and investment smoothing reserve as at 30 June 2017. The Fund was therefore in a sound financial position. The funding level remained unchanged at 100.0% (after allowing for distribution of the remaining 2014 surplus balance). The 2014 surplus has been distributed to active members during the 2016 financial year and to some former members during the 2017 financial year. As such, the balance reflected at the valuation date of R 7,721 billion, is the surplus still to be distributed at the valuation date. As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of market value of assets, it has decreased marginally from 4.6% to 4.4%.

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**18. Employee benefit obligations (continued)**

**18.5 OTHER CURRENT EMPLOYEE BENEFIT OBLIGATIONS:**

**18.5.1 PERFORMANCE BONUS ACCRUAL**

Performance bonuses accrue to employees on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due to staff as at the financial year end.

The movement on the performance bonus accrual consist of the following:

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Balance at the beginning of the year | 753,593        | 546,970        |
| Contributions to provision           | 773,400        | 754,841        |
| Expenditure incurred                 | (570,137)      | (548,218)      |
|                                      | <b>956,856</b> | <b>753,593</b> |

**18.5.2 STAFF LEAVE ACCRUAL**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and the total remuneration package of the employee.

The movement on the staff leave accrual consist of the following:

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Balance at the beginning of the year | 14,227,038        | 12,825,947        |
| Contributions to provision           | 1,286,953         | 2,009,594         |
| Expenditure incurred                 | (822,661)         | (608,503)         |
|                                      | <b>14,691,330</b> | <b>14,227,038</b> |

**18.5.3 EMPLOYEE BONUS ACCRUAL**

Annual bonuses accrue to employees on an annual basis, based on the employee contract. These accruals are an estimate of the amount due to staff as at the financial year end.

The movement on the employee bonus accrual consist of the following:

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 4,965,196        | 4,770,284        |
| Contributions to provision           | 5,157,635        | 4,965,196        |
| Expenditure incurred                 | (4,965,196)      | (4,770,284)      |
|                                      | <b>5,157,635</b> | <b>4,965,196</b> |

**18.5.4 EMPLOYEE OVERTIME / STANDBY ALLOWANCES**

An accrual is done for the overtime / standby allowances that accrued to employees with regards to the financial year.

The movement on the employee overtime / standby allowance accrual consist of the following:

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 1,059,393        | 845,939          |
| Contributions to provision           | 1,090,860        | 1,059,393        |
| Expenditure incurred                 | (1,059,393)      | (845,939)        |
|                                      | <b>1,090,860</b> | <b>1,059,393</b> |

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**19. Provisions**

**Reconciliation of provisions - 2018**

|                                  | Opening<br>Balance | Contribution<br>to provision /<br>Finance cost | Utilised<br>during the<br>year | Change in<br>discount<br>factor | Total             |
|----------------------------------|--------------------|--|--------------------------------|---------------------------------|-------------------|
| Rehabilitation of Landfill sites | 75,135,552         | 7,916,847                                      | (5,458,178)                    | 1,010,994                       | 78,605,215        |
|                                  | <b>75,135,552</b>  | <b>7,916,847</b>                               | <b>(5,458,178)</b>             | <b>1,010,994</b>                | <b>78,605,215</b> |

**Reconciliation of provisions - 2017**

|                                  | Opening<br>Balance | Contribution<br>to provision /<br>Finance cost | Utilised<br>during the<br>year | Total             |
|----------------------------------|--------------------|--|--------------------------------|-------------------|
| Rehabilitation of Landfill sites | 71,202,727         | 4,258,032                                      | (325,207)                      | 75,135,552        |
| Non-current liabilities          |                    |  | 76,089,339                     | 70,551,227        |
| Current liabilities              |                    |  | 2,515,876                      | 4,584,325         |
|                                  |                    |  | <b>78,605,215</b>              | <b>75,135,552</b> |

**Rehabilitation of Landfill sites**

Provision is made in terms of the Municipality's licensing stipulations for the rehabilitation of landfill sites. It includes the closure activities of Buysplaas; D'Almeida; Fremiersheim; Great Brak; Herbertsdale and Louis Fourie landfill sites. The provision has been determined by consulting engineers. The payment dates for the total closure and rehabilitation are uncertain, but are expected to all be finalised by 2029.

**20. Non-current deposits**

**Santos Pavillion Repair Fund**

|                              |                |                |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 274,541        | 262,092        |
| Interest on investment       | 12,214         | 12,449         |
|                              | <b>286,755</b> | <b>274,541</b> |

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 93-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100 000 to Council as an investment. Interest earned may be used by Council for the maintenance of the building, should he fail to do it himself.

**21. Unspent conditional grants and receipts**

**Unspent conditional grants and receipts comprises of:**

**Unspent conditional grants from spheres of government**

|   |                   |                   |
|---|-------------------|-------------------|
| National Grants                           | 211,816           | -                 |
| Provincial Grants                         | 36,292,723        | 37,770,942        |
| District Municipality                     | -                 | -                 |
| <b>Other unspent conditional receipts</b> |                   |                   |
| Public contributions                      | 268,366           | 192,356           |
|   | <b>36,772,905</b> | <b>37,963,298</b> |

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|--|-------------------|-------------------|
| <b>21. Unspent conditional grants and receipts (continued)</b> |                   |                   |
| <b>Movement during the year</b>                                |                   |                   |
| Opening balance  | 37,963,296        | (1,373,010)       |
| Receipts   | 171,078,824       | 194,763,567       |
| Conditions met - Transferred to revenue                        | (172,269,215)     | (155,427,259)     |
|  | <b>36,772,905</b> | <b>37,963,298</b> |

The detailed movement per grant consists out of the following:

**National: Equitable Share Grant**

|   |              |              |
|---|--------------|--------------|
| Opening balance                         | -            | -            |
| Receipts                                | 78,472,000   | 70,874,000   |
| Conditions met - Transferred to revenue | (78,472,000) | (70,874,000) |
|   | -            | -            |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

**National: Finance Management Grant**

|   |             |             |
|---|-------------|-------------|
| Opening balance                         | -           | -           |
| Receipts                                | 1,550,000   | 1,475,000   |
| Conditions met - Transferred to revenue | (1,550,000) | (1,475,000) |
|   | -           | -           |

The Financial Management Grant is paid by National Treasury to municipalities to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**National: Municipal Infrastructure Grant**

|   |              |              |
|---|--------------|--------------|
| Opening balance                         | -            | (2,340,000)  |
| Receipts                                | 24,464,000   | 23,004,000   |
| Conditions met - Transferred to revenue | (24,464,000) | (20,664,000) |
|   | -            | -            |

The Municipal Infrastructure Grant is given to municipalities to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**National: Integrated National Electrification Programme Grant**

|   |             |              |
|---|-------------|--------------|
| Receipts                                | 8,000,000   | 11,857,000   |
| Conditions met - Transferred to revenue | (8,000,000) | (11,857,000) |
|   | -           | -            |

The Integrated National Electrification Programme Grant is given to municipalities to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including upgrade of informal settlements, new, and normalisation), and the installation of relevant bulk infrastructure.

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|--|-----------|-----------|

**21. Unspent conditional grants and receipts (continued)**

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**National: Extended Public Works Programme Incentive Grant**

|   |                |             |
|---|----------------|-------------|
| Opening balance                         | -              | 42,477      |
| Receipts                                | 2,291,000      | 1,796,523   |
| Conditions met - Transferred to revenue | (2,079,184)    | (1,839,000) |
|   | <b>211,816</b> | <b>-</b>    |

The Expanded Public Works Programme Grant is incentive funding given to municipalities to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**National: Municipal Disaster Relief Grant**

|   |          |          |
|---|----------|----------|
| Opening balance                         | -        | -        |
| Receipts                                | -        | 915      |
| Conditions met - Transferred to Revenue | -        | (915)    |
|   | <b>-</b> | <b>-</b> |

The Disaster Relief Grant is given to municipalities to enable a timely response to immediate needs after a disaster has occurred.

**Provincial: Integrated Housing and Human Settlement & Development Grant**

|   |                   |                   |
|---|-------------------|-------------------|
| Opening balance                         | 37,721,174        | 720,025           |
| Receipts                                | 42,985,800        | 72,929,914        |
| Conditions met - Transferred to revenue | (46,130,521)      | (35,928,764)      |
|   | <b>34,576,453</b> | <b>37,721,175</b> |

This grant is given to municipalities to provide funding for the creation of sustainable human settlements. The outcome of this grant is to provide top structures and basic social and economic amenities that contributes to the establishment of sustainable human settlements.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Community Development Workers Grant**

|   |          |          |
|---|----------|----------|
| Opening balance                         | -        | -        |
| Receipts                                | 56,000   | 56,000   |
| Conditions met - Transferred to revenue | (56,000) | (56,000) |
|   | <b>-</b> | <b>-</b> |

This grant is given to municipalities to provide financial assistance to municipalities to cover the operational and capital expenses in the functions of the community development workers including the supervisors and regional organisers.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

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|--|-----------|-----------|
|--|-----------|-----------|

**21. Unspent conditional grants and receipts (continued)**

**Provincial: Thusong Centre Service Grant**

|   |          |           |
|---|----------|-----------|
| Opening balance                         | -        | -         |
| Receipts                                | -        | 211,000   |
| Conditions met - Transferred to revenue | -        | (211,000) |
|   | <u>-</u> | <u>-</u>  |

This grant is given to provide financial assistance to municipalities, ensuring the financial sustainability of the Thusong Service Centres.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Library Services Conditional Grant**

|   |             |              |
|---|-------------|--------------|
| Opening balance                         | 9,998       | -            |
| Receipts                                | 7,813,000   | 10,829,177   |
| Conditions met - Transferred to revenue | (7,822,998) | (10,819,179) |
|   | <u>-</u>    | <u>9,998</u> |

This grant is given to municipalities to transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Finance Management Support Grant**

|   |           |           |
|---|-----------|-----------|
| Opening balance                         | -         | -         |
| Receipts                                | 280,000   | 220,000   |
| Conditions met - Transferred to revenue | (280,000) | (220,000) |
|   | <u>-</u>  | <u>-</u>  |

This grant is given to municipalities to provide financial assistance to municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial : Capacity Building Grant**

|   |           |           |
|---|-----------|-----------|
| Opening balance                         | -         | -         |
| Receipts                                | 240,000   | 120,000   |
| Conditions met - Transferred to revenue | (240,000) | (120,000) |
|   | <u>-</u>  | <u>-</u>  |

**Provincial: Local Government Graduate Internship Grant**

|   |               |               |
|---|---------------|---------------|
| Opening balance                         | 39,769        | -             |
| Receipts                                | 66,000        | 60,000        |
| Conditions met - Transferred to revenue | (58,510)      | (20,231)      |
|   | <u>47,259</u> | <u>39,769</u> |

To provide financial assistance to municipalities in support of capacity building for the future by means of graduate internship programme.



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|--|-----------|-----------|
|--|-----------|-----------|

**21. Unspent conditional grants and receipts (continued)**

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Greenest Municipality Competition**

|   |          |          |
|---|----------|----------|
| Opening balance                         | -        | 37,544   |
| Receipts                                | -        | -        |
| Conditions met - Transferred to revenue | -        | (37,544) |
|   | <u>-</u> | <u>-</u> |

This grant is given to municipalities to promote awareness of and compliance with environmental legislation and environmentally sound practices.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Maintenance of Road Infrastructure Grant**

|   |           |          |
|---|-----------|----------|
| Opening balance                         | -         | -        |
| Receipts                                | 800,000   | 59,000   |
| Conditions met - Transferred to Revenue | (800,000) | (59,000) |
|   | <u>-</u>  | <u>-</u> |

This grant is given to financially assist/subsidise municipalities with the maintenance/construction of proclaimed municipal main roads, where the municipality is the Road Authority (Section 50 of Ordinance 19 of 1976).

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Fire Services Grant**

|   |           |          |
|---|-----------|----------|
| Opening balance                         | -         | -        |
| Receipts                                | 800,000   | -        |
| Conditions met - Transferred to revenue | (799,946) | -        |
|   | <u>54</u> | <u>-</u> |

This grant is given to support municipalities to establish and maintain functional and compliant Fire Services that is able to be measured against national benchmarks and standards.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Development of Sport and Recreation Facilities Grant**

|   |              |          |
|---|--------------|----------|
| Opening balance                         | -            | -        |
| Receipts                                | 200,000      | -        |
| Conditions met - Transferred to revenue | (194,850)    | -        |
|   | <u>5,150</u> | <u>-</u> |

This grant is given to municipalities for the provision of sport and recreation facilities in especially previously disadvantaged communities.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

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|--|----------------|-----------|
| <b>21. Unspent conditional grants and receipts (continued)</b> |                |           |
| <b>Provincial: RSEP/VPUU Grant</b>                             |                |           |
| Opening balance  | -              | -         |
| Receipts   | 1,500,000      | -         |
| Conditions met - Transferred to revenue                        | (674,802)      | -         |
|  | <b>825,198</b> | <b>-</b>  |

This grant is to implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Shared Economic Infrastructure Facility**

|   |                |          |
|---|----------------|----------|
| Opening balance                         | -              | -        |
| Receipts                                | 838,609        | -        |
| Conditions met - Transferred to revenue | -              | -        |
|   | <b>838,609</b> | <b>-</b> |

This grant is to support businesses with an intention to improve access, create local economic benefits and optimise the performance of businesses operating in those facilities

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**District Municipality: Emergency Relief Grant**

|   |          |          |
|---|----------|----------|
| Opening balance                         | -        | 18,729   |
| Receipts                                | -        | -        |
| Conditions met - Transferred to revenue | -        | (18,729) |
|   | <b>-</b> | <b>-</b> |

**Public Contributions and Other Receipts**

|   |                |                |
|---|----------------|----------------|
| Opening balance                         | 192,355        | 148,215        |
| Receipts                                | 722,415        | 1,330,038      |
| Conditions met - Transferred to revenue | (646,404)      | (1,285,897)    |
|   | <b>268,366</b> | <b>192,356</b> |

**22. Consumer deposits**

|             |                   |                   |
|-------------|-------------------|-------------------|
| Electricity | 14,691,910        | 13,546,150        |
| Water       | 10,932,315        | 9,694,520         |
|             | <b>25,624,225</b> | <b>23,240,670</b> |

|   |   |   |
|---|---|---|
| Guarantees held in lieu of electricity deposits | - | - |
|---|---|---|

No Guarantees are held in lieu of electricity and water. No interest accrues on consumer deposits.

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|--|--------------------|--------------------|
| <b>23. Payables from exchange transactions</b> |                    |                    |
| Trade payables                                 | 59,716,614         | 73,226,839         |
| Payments received in advanced                  | 28,905,228         | 26,603,211         |
| Accrued expenditure                            | 80,321             | 13,474             |
| Retentions                                     | 10,401,799         | 9,652,329          |
| Other payables                                 | 10,500,987         | 2,501,093          |
| Other deposits                                 | 4,232,337          | 3,700,165          |
|  | <b>113,837,286</b> | <b>115,697,111</b> |

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30 day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice/statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

**24. Capital replacement reserve**

|  |                    |                    |
|--|--------------------|--------------------|
| Balance at the beginning of the year                         | 141,173,950        | 126,575,281        |
| Transfers from:  |                    |                    |
| Contributions from Operating account and other contributions | 90,431,679         | 94,700,743         |
| External Services contribution                               | 6,793,014          | 7,512,760          |
| Land Sales contribution                                      | 3,304,106          | 3,927,616          |
| Less: Expenditure  |                    |                    |
| Funding Capital Projects                                     | (102,853,450)      | (91,542,450)       |
|  | <b>138,849,299</b> | <b>141,173,950</b> |

The Capital Replacement Reserve is fully funded and invested in financial instruments.

**25. Housing Development Fund**

|                                      |          |               |
|--------------------------------------|----------|---------------|
| Balance at the beginning of the year | 28,417   | 21,560        |
| Income from land sales               | 11,153   | 5,726         |
| Interest on investments              | -        | 1,131         |
| Funding Operating Projects           | (39,570) | -             |
|                                      | <b>-</b> | <b>28,417</b> |

**26. Service charges**

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Sale of electricity             | 386,041,659        | 366,294,677        |
| Sale of water                   | 114,427,167        | 108,372,201        |
| Refuse removal                  | 44,291,456         | 37,592,441         |
| Sewerage and sanitation charges | 57,241,400         | 53,541,472         |
|                                 | <b>602,001,682</b> | <b>565,800,791</b> |

The service charges revenue are in respect of services rendered to consumers and billed in terms of Council's approved tariffs. These service charges revenue are the net amounts after taking into account revenue foregone.

**27. Rent of facilities and equipment**

|                  |                  |
|------------------|------------------|
| <b>5,078,997</b> | <b>4,910,604</b> |
|------------------|------------------|

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|                              | 2018<br>R         | 2017<br>R         |
|------------------------------|-------------------|-------------------|
| <b>28. Other income</b>      |                   |                   |
| Administrative Handling Fees | 1,475,678         | 1,532,984         |
| Bad Debts Recovered          | 1,533,484         | 691,665           |
| Building Plan Approval Fees  | 7,674,208         | 5,698,076         |
| Camping Fees                 | 4,094,435         | 3,833,097         |
| Cemetery and Burial Fees     | 192,342           | 188,213           |
| Collection Charges           | 2,771,044         | 1,783,230         |
| Development Charges          | 6,793,014         | 7,512,760         |
| Fire Services                | 625,198           | 1,402,999         |
| Insurance Refunds            | 1,634,424         | 997,846           |
| Land Usage Fees              | 1,790,891         | 1,318,772         |
| Other                        | 1,722,749         | 1,524,143         |
| Clearance Application        | 367,166           | 321,238           |
| Sale of Property             | 4,060,812         | 1,111,287         |
| Sale of Redundant Inventory  | 528,284           | 735,896           |
|                              | <b>35,263,729</b> | <b>28,652,206</b> |

**29. Property rates**

**Rates received**

|                          |                    |                    |
|--------------------------|--------------------|--------------------|
| Residential              | 89,998,168         | 84,030,541         |
| Commercial               | 24,007,925         | 24,226,784         |
| State                    | 501,283            | 444,722            |
| Agricultural             | 2,311,282          | 1,128,037          |
| Special rated area - CID | 551,052            | 568,747            |
| Assessment Rate: Letting | 1,298              | 1,298              |
| Less: Income forgone     | (5,846,959)        | (6,262,690)        |
|                          | <b>111,524,049</b> | <b>104,137,439</b> |

**Valuations**

|                                |                       |                       |
|--------------------------------|-----------------------|-----------------------|
| Residential                    | 33,252,507,559        | 28,079,316,660        |
| Commercial                     | 4,330,992,250         | 3,814,720,800         |
| State                          | 719,394,000           | 563,647,400           |
| Municipal                      | 721,290,900           | 693,463,400           |
| Parsonage                      | -                     | 81,971,700            |
| Public Services Infrastructure | 46,476,000            | 24,025,000            |
| Public Open Space              | 3,623,093             | 7,223,400             |
| Protected Area                 | 8,316,000             | 4,220,000             |
| Churches                       | 285,343,000           | 170,392,900           |
| Agricultural                   | 3,465,031,125         | 1,465,039,500         |
|                                | <b>42,832,973,927</b> | <b>34,904,020,760</b> |

The valuation of land takes place every four years in terms of the determinations of the Municipal Property Rates Act, No.6 of 2004. The basic rate for land and buildings ranged between R0,000772 and R0,006178 respectively. Qualifying pensioners received an additional rebate of either 50% or 30% on property tax. With regard to needy families, where the joint income of husband and wife amounted to less than R5 000 a rebate was allowed with regard to water, refuse and sewerage. Regarding the housing schemes, it is noted that income for rates was not based on valuation as the values are less than R50 000. The first R50 000 of residential properties are not levied, R15 000 are impermissible rates and a rebate are given on R35 000.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|   | 2018<br>R          | 2017<br>R          |
|---|--------------------|--------------------|
| <b>30. Government grants &amp; subsidies received</b>                                     |                    |                    |
| <b>Operating grants</b>   |                    |                    |
| Equitable share   | 78,431,529         | 70,822,505         |
| National Government: Financial Management Grant   | 1,550,000          | 1,475,001          |
| National Governments: Expanded Public Works Programme Integrated Grant                    | 2,079,184          | 1,839,000          |
| Provincial Government: Capacity Building  | 240,000            | 288,245            |
| Provincial Government: Library Service Conditional Grant                                  | 7,818,271          | 6,946,685          |
| Provincial Government: Human Settlement Development Grant                                 | 34,182,896         | 21,224,853         |
| Provincial Government: Community Development Workers Grant                                | 56,000             | 56,000             |
| Provincial Government: Financial Management Support Grant                                 | 280,000            | 220,000            |
| Provincial Government: Interactive Community Access Network Grant                         | -                  | 37,544             |
| Provincial Government: Local Government Graduate Internship Grant                         | 58,510             | 20,231             |
| Provincial Government: Public Transport Grant   | 800,000            | 59,000             |
| Eden District Municipality: Road Transport Grant  | -                  | 10,071             |
| National Departmental Agencies - Education, Training and Development Practices SETA Grant | 585,790            | 635,609            |
| Provincial Government: Housing Emergency Kits   | 93,019             | 340,527            |
|   | <b>126,175,199</b> | <b>103,975,271</b> |
| <b>Capital grants</b>   |                    |                    |
| National Government: Municipal Infrastructure Grant                                       | 24,464,000         | 20,664,914         |
| National Government: Municipal Disaster Recovery Grant                                    | -                  | 8,658              |
| National Government: Integrated National Electrification Programme                        | 8,000,000          | 11,857,000         |
| Provincial Government: Human Settlement Grant   | 3,766,711          | 5,076,127          |
| Provincial Government: Library Service Grant  | 9,998              | 3,894,179          |
| Provincial Government: Municipal Systems Improvement Grant                                | -                  | 42,755             |
| Provincial Government: RSEP / VPUU  | 674,802            | -                  |
| Provincial Government: Fire Services Grant  | 799,946            | -                  |
| Provincial Government: Development of Sport and Recreation Facilities Grant               | 194,850            | -                  |
|   | <b>37,910,307</b>  | <b>41,543,633</b>  |
| <b>Total Operating and Capital grants</b>   | <b>164,085,506</b> | <b>145,518,904</b> |
| <b>Government Grants and Subsidies received per vote</b>                                  |                    |                    |
| Municipal Manager   | 11,095,518         | 7,783,200          |
| Corporate Services  | 2,272,192          | 1,237,240          |
| Financial Services  | 1,830,000          | 1,695,000          |
| Technical Services  | 64,759,577         | 66,728,792         |
| Community Services  | 32,487,322         | 32,097,718         |
| Development & Planning  | 51,640,897         | 35,976,951         |
|   | <b>164,085,506</b> | <b>145,518,901</b> |
| <b>31. Public contributions and donations</b>   |                    |                    |
| Donated assets  | 407,324            | 9,296,697          |
| Public corporations   | 2,074,546          | 2,564,018          |
|   | <b>2,481,870</b>   | <b>11,860,715</b>  |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  | <b>2018</b>       | <b>2017</b>       |
|--|-------------------|-------------------|
|  | <b>R</b>          | <b>R</b>          |
| <b>32. Fines, Penalties and Forfeits</b> |                   |                   |
| Traffic fines                            | 12,686,552        | 29,709,550        |
| Property rates penalties                 | 49,820            | 513,569           |
| Illegal Connection fines                 | 172,273           | 48,122            |
| Forfeits                                 | 457,786           | 1,574,011         |
| Other fines, penalties and forfeits      | 292,957           | 154,122           |
|  | <b>13,659,388</b> | <b>31,999,374</b> |

Other fines, penalties and forfeits includes Pound fees, Library penalties and Tender Fines.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  | 2018<br>R          | 2017<br>R          |
|--|--------------------|--------------------|
| <b>33. Employee related costs</b>                                      |                    |                    |
| Employee related costs - Salaries, Wages & Bonuses                     | 173,438,328        | 158,247,610        |
| Employee related costs - Contributions to UIF, Medical & Pension Funds | 45,587,406         | 42,212,150         |
| Acting allowances  | 566,736            | 728,599            |
| Housing benefits and allowances  | 1,701,394          | 1,626,767          |
| Overtime payments  | 10,147,794         | 8,805,158          |
| Standby allowance  | 3,440,883          | 3,137,679          |
| Travel, motor car, accommodation, subsistence & other allowances       | 9,487,253          | 8,475,488          |
| Contributions to Post Retirement Benefits Provision                    | 10,766,000         | 11,706,000         |
| Contributions to Long Service Bonus Provision                          | 2,415,000          | 2,444,000          |
| Contributions to Leave Gratuity Provision                              | 1,286,953          | 2,009,594          |
| Actuarial losses / (gains) on Employee Benefit Provisions              | 7,426,868          | (25,267,490)       |
| Less: Employee costs capitalised to PPE                                | (1,728,154)        | (1,251,163)        |
| <b>Total employee related costs including key management positions</b> | <b>264,536,461</b> | <b>212,874,392</b> |

The remuneration of key management positions consists of the following:

**Municipal Manager**

|   |                  |                |
|---|------------------|----------------|
| Annual remuneration                             | 890,874          | 439,877        |
| Performance bonuses                             | 174,410          | -              |
| Acting allowance                                | -                | 197,010        |
| Car allowance                                   | 120,000          | 70,000         |
| Contributions to UIF, Medical and Pension Funds | 162,142          | 80,219         |
| Industrial council                              | 99               | 54             |
|   | <b>1,347,525</b> | <b>787,160</b> |

**Chief Finance Officer**

|   |                  |                  |
|---|------------------|------------------|
| Annual remuneration                             | 836,429          | 966,239          |
| Performance bonuses                             | 20,645           | 164,307          |
| Acting allowance                                | -                | 2,437            |
| Car allowance                                   | 81,048           | 102,000          |
| Contributions to UIF, Medical and Pension Funds | 34,097           | 175,708          |
| Leave payout                                    | 153,961          | -                |
| Industrial council                              | 91               | 92               |
|   | <b>1,126,271</b> | <b>1,410,783</b> |

**Remuneration of individual executive director positions:**

**Director Planning and Development**

|   |                  |                  |
|---|------------------|------------------|
| Annual Remuneration                             | 1,022,282        | 956,533          |
| Performance Bonuses                             | 113,915          | 101,739          |
| Acting allowance                                | 12,131           | -                |
| Car Allowance                                   | 108,000          | 108,000          |
| Contributions to UIF, Medical and Pension Funds | 237,145          | 224,886          |
| Industrial council                              | 99               | 92               |
|   | <b>1,493,572</b> | <b>1,391,250</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|  | 2018<br>R         | 2017<br>R        |
|--|-------------------|------------------|
| <b>33. Employee related costs (continued)</b>      |                   |                  |
| <b>Executive Official Strategic Services</b>       |                   |                  |
| Annual Remuneration                                | 653,795           | -                |
| Performance Bonuses                                | 123,868           | -                |
| Acting allowance                                   | 3,915             | -                |
| Car Allowance                                      | 102,000           | -                |
| Contributions to UIF, Medical and Pension Funds    | 120,903           | -                |
| Industrial council                                 | 99                | -                |
|  | <b>1,004,580</b>  | <b>-</b>         |
| <b>Director Corporate Services</b>                 |                   |                  |
| Annual Remuneration                                | 1,038,325         | 956,038          |
| Performance Bonuses                                | 110,818           | 97,763           |
| Acting allowance                                   | 9,987             | 19,933           |
| Car Allowance                                      | 120,000           | 120,000          |
| Contributions to UIF, Medical and Pension Funds    | 157,084           | 162,580          |
| Group insurance                                    | 5,328             | 5,328            |
| Industrial council                                 | 99                | 92               |
|  | <b>1,441,641</b>  | <b>1,361,734</b> |
| <b>Director Technical and Electricity Services</b> |                   |                  |
| Annual Remuneration                                | 1,270,412         | 1,173,852        |
| Performance Bonuses                                | 134,317           | 118,027          |
| Car Allowance                                      | 102,000           | 102,000          |
| Contributions to UIF, Medical and Pension Funds    | 233,455           | 219,481          |
| Group Insurance                                    | 6,480             | 6,480            |
| Industrial council                                 | 99                | 92               |
|  | <b>1,746,763</b>  | <b>1,619,932</b> |
| <b>Director Community Services</b>                 |                   |                  |
| Annual Remuneration                                | 842,650           | 791,682          |
| Performance Bonuses                                | 95,428            | -                |
| Car Allowance                                      | 120,000           | 120,000          |
| Contributions to UIF, Medical and Pension Funds    | 182,849           | 169,999          |
| Industrial council                                 | 99                | 92               |
|  | <b>1,241,026</b>  | <b>1,081,773</b> |
| <b>34. Remuneration of councillors</b>             |                   |                  |
| Executive Major                                    | 758,852           | 697,057          |
| Deputy Executive Mayor                             | 677,531           | 613,844          |
| Speaker  | 660,251           | 536,500          |
| Mayoral Committee Members                          | 2,955,366         | 2,670,192        |
| Councillors  | 5,256,326         | 4,744,749        |
| Councillors' Pension Contributions                 | 502,083           | 415,429          |
| Councillors' Medical Aid Contributions             | 130,889           | 108,532          |
|  | <b>10,941,298</b> | <b>9,786,303</b> |



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**34. Remuneration of councillors (continued)**

**In-kind benefits**

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor have access to council-owned vehicles for ceremonial and official functions.

Full-time Councillors are equipped with computers. Ward Committee members are equipped with cell phones for communication purposes.

**35. Depreciation and amortisation**

**Depreciation**

|                               |            |            |
|-------------------------------|------------|------------|
| Property, plant and equipment | 66,308,912 | 66,066,749 |
| Investment property           | 926,323    | 936,028    |

**Amortisation**

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Intangible assets | 130,649           | 170,785           |
|                   | <b>67,365,884</b> | <b>67,173,562</b> |

**36. Debt impairment**

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Debt impairment             | 6,231,289         | 23,781,085        |
| Reversal of debt impairment | (37,527,238)      | -                 |
| Bad debts written off       | 48,749,591        | 313,962           |
|                             | <b>17,453,642</b> | <b>24,095,047</b> |

**37. Finance costs**

|                             |                   |                  |
|-----------------------------|-------------------|------------------|
| Long-term Liabilities       | 3,119,528         | 2,778,192        |
| Finance leases              | 11,558            | 52,303           |
| Landfill Sites (Provisions) | 7,916,847         | 4,258,032        |
| Current deposits / Grants   | 12,214            | 72,366           |
|                             | <b>11,060,147</b> | <b>7,160,893</b> |

**38. Bulk purchases**

|             |             |             |
|-------------|-------------|-------------|
| Electricity | 267,744,119 | 265,328,216 |
|-------------|-------------|-------------|

Bulk purchases are the cost of commodities not generated by the Municipality, but which the Municipality distributes to consumers. The Municipality purchases electricity in bulk from Eskom and then redistributes it to consumers.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|   | 2018<br>R         | 2017<br>R         |
|---|-------------------|-------------------|
| <b>39. Contracted services</b>                            |                   |                   |
| <b>Consultants and Professional Services</b>              |                   |                   |
| Business and Advisory - Valuer and Assessors              | 14,500            | 1,817,198         |
| Infrastructure and Planning - Engineering                 | 3,470,227         | 6,208,233         |
| Legal Cost  | 2,269,682         | 1,337,153         |
| Other   | 3,258,211         | 2,354,673         |
| <b>Contractors</b>  |                   |                   |
| Aerial Photography  | 1,089,578         | -                 |
| Artists and Performers                                    | 1,242,443         | 1,087,468         |
| Building  | (773,308)         | 3,678,428         |
| Chipping  | 1,331,800         | 654,780           |
| Maintenance of Buildings and Facilities                   | 5,327,840         | 4,297,944         |
| Maintenance of Equipment                                  | 1,576,987         | 972,137           |
| Maintenance of Unspecified Assets                         | 29,137,881        | 26,212,478        |
| Prepaid Electricity Vendors                               | 3,001,163         | 2,888,336         |
| Safeguard and Security                                    | 4,649,347         | 3,912,065         |
| Sewerage Services   | 2,849,816         | 2,150,159         |
| Tracing Agents and Debt Collectors                        | 3,586,934         | 4,703,501         |
| Other   | 1,018,167         | 862,181           |
| <b>Outsourced Services</b>                                |                   |                   |
| Administrative and Support Staff                          | 2,434,896         | 2,012,221         |
| Alien Vegetation Control                                  | 1,676,025         | 559,050           |
| Business and Advisory - Business and Financial Management | 881,987           | -                 |
| Business and Advisory - Human Resources                   | 1,494,382         | 1,064,615         |
| Business and Advisory - Valuer                            | 1,066,347         | 687,049           |
| Cleaning Services   | 2,117,310         | 1,509,009         |
| Clearing and Grass Cutting Services                       | 11,785,526        | 11,122,452        |
| Internal Auditors   | 1,331,753         | 1,078,337         |
| Meter Management  | 1,243,321         | 1,391,062         |
| Organic and Building Refuse Removal                       | 1,483,647         | 761,738           |
| Refuse Removal  | 5,092,810         | 4,779,760         |
| Swimming Supervision                                      | 1,521,860         | 1,501,335         |
| Other   | 2,040,984         | 2,225,030         |
|   | <b>97,222,116</b> | <b>91,828,392</b> |
| <b>40. Transfers and subsidies paid</b>                   |                   |                   |
| Bursary Scheme  | 240,000           | 120,000           |
| Emergency Housing Assistance                              | -                 | 443,813           |
| Donated Assets  | 66,772            | -                 |
| Other   | 617,150           | 313,424           |
| SPCA  | 1,000,000         | 800,000           |
| Subsidy: Benefit Discount Scheme                          | 240,049           | 241,854           |
| Tourism   | 2,118,165         | 2,343,881         |
|   | <b>4,282,136</b>  | <b>4,262,972</b>  |
| <b>41. Cost of sales/Inventory consumed</b>               |                   |                   |
| Consumables   | 11,862,563        | 10,216,086        |
| Material and supplies                                     | 17,834,554        | 13,575,878        |
| Housing stock   | 11,486,242        | 9,386,057         |
| Land  | 1,929,054         | 1,538,688         |
| Water   | 33,701,261        | 27,363,790        |
|   | <b>76,813,674</b> | <b>62,080,499</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|   | 2018<br>R         | 2017<br>R         |
|---|-------------------|-------------------|
| <b>42. General expenses</b>             |                   |                   |
| Advertising, Publicity and Marketing    | 1,508,864         | 1,504,945         |
| Auditors remuneration                   | 4,247,093         | 3,602,078         |
| Bank charges                            | 1,832,327         | 1,268,615         |
| Commission paid                         | 6,308,306         | 5,813,523         |
| Dumping Fees (District Council)         | 5,072,210         | 4,588,849         |
| External Computer Service               | 8,285,268         | 8,346,218         |
| Insurance                               | 5,882,176         | 2,349,612         |
| Lease rentals on operating lease        | 5,187,733         | 4,509,934         |
| Motor Vehicle Licence and Registrations | 423,501           | 310,026           |
| Municipal expenses                      | 2,062,487         | 2,176,465         |
| Other expenses                          | 3,271,465         | 2,184,455         |
| Postage and courier                     | 932,254           | 889,775           |
| Printing, Publications and Books        | 278,305           | 325,243           |
| Skills Development Fund Levy            | 2,185,097         | 1,958,886         |
| Subscriptions and membership fees       | 2,788,926         | 2,519,870         |
| Telephone and fax                       | 1,066,127         | 1,044,059         |
| Title deed search fees                  | 249,485           | 215,232           |
| Travel and Subsistence                  | 1,148,228         | 811,186           |
| Workmen's Compensation Fund             | 1,526,170         | 1,288,300         |
|   | <b>54,256,022</b> | <b>45,707,271</b> |

**43. Cash generated from operations**

|   |                    |                    |
|---|--------------------|--------------------|
| Surplus   | 103,583,365        | 139,082,598        |
| <b>Adjustments for:</b>   |                    |                    |
| Depreciation and amortisation                                       | 70,420,252         | 68,724,060         |
| Gain and Loss on sale of assets and liabilities                     | 6,438,653          | 7,112,371          |
| Investment Income - external investments                            | (3,194,287)        | (1,913,275)        |
| Finance costs   | 11,060,147         | 7,160,893          |
| Impairment of Assets / Reversal of impairment                       | 76,167             | (315,117)          |
| Debt impairment / Reversal of impairment                            | (31,295,949)       | 16,931,143         |
| Bad debts written off   | 48,749,591         | 313,962            |
| Movements in operating lease assets and accruals                    | 169,306            | 315,563            |
| Movements in retirement benefit assets and liabilities / Provisions | 1,380,445          | 9,466,798          |
| Actuarial loss / (gain)   | 7,426,868          | (25,267,490)       |
| Donated Assets  | (407,324)          | (9,296,697)        |
| Unamortised Discount  | (62,904)           | (234,444)          |
| Sale of Redundant inventory   | (528,284)          | (735,896)          |
| Asset Transfers made and received                                   | 7,766              | -                  |
| <b>Changes in working capital:</b>                                  |                    |                    |
| Inventories   | (27,296,169)       | (12,072,735)       |
| Receivables from exchange transactions                              | (17,833,545)       | (6,269,977)        |
| Other receivables from non-exchange transactions                    | (10,438,026)       | (17,007,671)       |
| Payables from exchange transactions                                 | (1,859,826)        | 18,592,128         |
| VAT   | (2,825,215)        | (2,468,217)        |
| Unspent conditional grants and receipts                             | (1,190,393)        | 19,721,903         |
|   | <b>152,380,638</b> | <b>211,839,900</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|   | 2018<br>R                      | 2017<br>R              |   |                      |
|---|--------------------------------|------------------------|---|----------------------|
| 44. Prior period errors and reclassifications |                                |                        |   |                      |
| STATEMENT OF FINANCIAL POSITION               | 2017<br>previously<br>reported | Reclassifi-<br>cations | Prior period<br>errors /<br>Change in<br>Accounting<br>policy | 2017 restated        |
| <b>Assets</b>                                 |                                |                        |   |                      |
| <b>Non-current Assets</b>                     |                                |                        |   |                      |
| Property, plant and equipment                 | 1,967,077,842                  | -                      | 14,038,357  | 1,981,116,199        |
| Investment property                           | 625,940,509                    | -                      | (28,514,489)  | 597,426,020          |
| Intangible assets                             | 559,837                        | -                      | 164,520   | 724,357              |
| Heritage assets                               | 4,225,599                      | -                      | -   | 4,225,599            |
| Long-term receivables                         | 813,719                        | -                      | -   | 813,719              |
| Investments                                   | 24,000,000                     | -                      | -   | 24,000,000           |
|   | <b>2,622,617,506</b>           | <b>-</b>               | <b>(14,311,612)</b>   | <b>2,608,305,894</b> |
| <b>Current assets</b>                         |                                |                        |   |                      |
| Inventories                                   | 27,275,661                     | -                      | (24,670)  | 27,250,991           |
| Current portion of Long-term receivables      | 336,681                        | -                      | -   | 336,681              |
| Operating lease asset                         | 194,471                        | -                      | -   | 194,471              |
| Receivables from exchange transactions        | 58,816,373                     | 793                    | -   | 58,817,166           |
| Receivables from non-exchange transactions    | 17,758,861                     | (793)                  | 1,266,275   | 19,024,343           |
| VAT receivable                                | 8,071,251                      | -                      | -   | 8,071,251            |
| Short term investments                        | -                              | -                      | 365,809,228   | 365,809,228          |
| Cash and cash equivalents                     | 417,342,456                    | -                      | (365,809,228)   | 51,533,228           |
|   | <b>529,795,754</b>             | <b>-</b>               | <b>1,241,605</b>  | <b>531,037,359</b>   |
| <b>Total Assets</b>                           | <b>3,152,413,260</b>           | <b>-</b>               | <b>(13,070,007)</b>   | <b>3,139,343,253</b> |
| <b>Liabilities</b>                            |                                |                        |   |                      |
| <b>Non-current Liabilities</b>                |                                |                        |   |                      |
| Other financial liabilities                   | 28,296,818                     | -                      | -   | 28,296,818           |
| Finance lease obligations                     | 18,876                         | -                      | (35,688)  | (16,812)             |
| Employee benefit obligations                  | 88,146,000                     | -                      | -   | 88,146,000           |
| Provisions                                    | 94,196,700                     | -                      | (23,645,474)  | 70,551,226           |
| Non-current deposits                          | 274,541                        | -                      | -   | 274,541              |
|   | <b>210,932,935</b>             | <b>-</b>               | <b>(23,681,162)</b>   | <b>187,251,773</b>   |
| <b>Current Liabilities</b>                    |                                |                        |   |                      |
| Other financial liabilities                   | 2,802,941                      | -                      | -   | 2,802,941            |
| Finance lease obligation                      | 261,364                        | -                      | -   | 261,364              |
| Employee benefits                             | 28,161,219                     | -                      | -   | 28,161,219           |
| Provisions                                    | 5,684,326                      | -                      | (1,100,000)   | 4,584,326            |
| Operating lease liability                     | 1,673,415                      | -                      | -   | 1,673,415            |
| Unspent conditional grants and receipts       | 37,963,297                     | -                      | -   | 37,963,297           |
| Consumer deposits                             | 23,240,671                     | -                      | -   | 23,240,671           |
| Payables from exchange transactions           | 115,248,805                    | -                      | 448,306   | 115,697,111          |
|   | <b>215,036,038</b>             | <b>-</b>               | <b>(651,694)</b>  | <b>214,384,344</b>   |
| <b>Total Liabilities</b>                      | <b>425,968,973</b>             | <b>-</b>               | <b>(24,332,856)</b>   | <b>401,636,117</b>   |
| <b>Total Net Assets</b>                       | <b>2,726,444,287</b>           | <b>-</b>               | <b>11,262,849</b>   | <b>2,737,707,136</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  |                      |          | 2018<br>R         | 2017<br>R            |
|--|----------------------|----------|-------------------|----------------------|
| <b>44. Prior period errors and reclassifications (continued)</b> |                      |          |                   |                      |
| <b>Net Assets</b>  |                      |          |                   |                      |
| Housing Development Fund   | 28,417               | -        | -                 | 28,417               |
| Capital replacement reserve                                      | 141,173,950          | -        | -                 | 141,173,950          |
| Accumulated surplus  | 2,585,241,920        | -        | 11,262,849        | 2,596,504,769        |
|  | <b>2,726,444,287</b> | <b>-</b> | <b>11,262,849</b> | <b>2,737,707,136</b> |

**STATEMENT OF FINANCIAL  
PERFORMANCE**

|   | 2017<br>previously<br>reported | Reclassifi-<br>cations | Prior period<br>errors | 2017 restated      |
|---|--------------------------------|------------------------|------------------------|--------------------|
| <b>Revenue from exchange transactions</b>                 |                                |                        |                        |                    |
| Service charges   | 544,946,464                    | 20,854,334             | -                      | 565,800,798        |
| Rental of facilities and equipment                        | 9,132,168                      | (4,178,917)            | (42,649)               | 4,910,602          |
| Agency services   | -                              | 5,372,146              | -                      | 5,372,146          |
| Interest received - outstanding debtors                   | 1,635,402                      | -                      | -                      | 1,635,402          |
| Interest received - external investments                  | 35,094,411                     | -                      | -                      | 35,094,411         |
| Gain on disposal of assets                                | 1,738,335                      | (941,415)              | (259,539)              | 537,381            |
| Property rates - penalties imposed and collection charges | 513,569                        | (513,569)              | -                      | -                  |
| Other income  | 43,160,218                     | (14,508,010)           | -                      | 28,652,208         |
| <b>Revenue from non-exchange transactions</b>             |                                |                        |                        |                    |
| Property rates  | 104,137,439                    | -                      | -                      | 104,137,439        |
| Licences and permits                                      | 6,579,280                      | (5,383,872)            | -                      | 1,195,408          |
| Government grants and subsidies                           | 145,518,902                    | -                      | -                      | 145,518,902        |
| Public contributions and donations                        | 14,578,806                     | (3,143,991)            | 425,900                | 11,860,715         |
| Fines   | 26,098,293                     | 2,226,229              | 3,674,850              | 31,999,372         |
| Actuarial gains   | 25,267,490                     | (25,267,490)           | -                      | -                  |
|   | <b>958,400,777</b>             | <b>(25,484,555)</b>    | <b>3,798,562</b>       | <b>936,714,784</b> |

**Mossel Bay Municipality**  
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**Notes to the Annual Financial Statements**

|   |                                |                                | 2018<br>R   | 2017<br>R   |                   |
|---|--------------------------------|--------------------------------|---|---|-------------------|
| 44. Prior period errors and reclassifications (continued)       |                                |                                |   |   |                   |
|   | 2017<br>previously<br>reported | Reclassifi-<br>cations         | Prior period<br>errors /<br>Change in<br>accounting<br>policy | 2017 restated   |                   |
| <b>Expenditure</b>  |                                |                                |   |   |                   |
| Employee related cost   | 243,654,622                    | (25,938,820)                   | (4,841,418)   | 212,874,384   |                   |
| Remuneration of councillors                                     | 9,786,303                      | -                              | -   | 9,786,303   |                   |
| Depreciation, amortisation and<br>impairments                   | 63,793,232                     | (315,117)                      | 3,380,326   | 66,858,441  |                   |
| Debt impairment   | 20,384,942                     | -                              | 3,710,106   | 24,095,048  |                   |
| Finance cost  | 7,164,900                      | -                              | (4,005)   | 7,160,895   |                   |
| Collection cost   | 5,718,148                      | (5,718,148)                    | -   | -   |                   |
| Repairs and maintenance   | 51,712,154                     | (51,712,154)                   | -   | -   |                   |
| Bulk purchases  | 276,942,760                    | (11,614,545)                   | -   | 265,328,215   |                   |
| Contracted services   | 38,051,154                     | 54,130,584                     | (353,347)   | 91,828,391  |                   |
| Grants and subsidies paid                                       | 1,142,798                      | 3,120,173                      | -   | 4,262,971   |                   |
| Loss on disposal of assets                                      | 3,594,573                      | (3,594,573)                    | -   | -   |                   |
| Inventories losses / write downs                                | -                              | 2,653,157                      | 4,996,597   | 7,649,754   |                   |
| Cost of sales / Inventory consumed                              | -                              | 59,156,877                     | 2,923,615   | 62,080,492  |                   |
| General Expenses  | 97,383,807                     | (45,651,989)                   | (6,024,555)   | 45,707,263  |                   |
|   | <b>819,329,393</b>             | <b>(25,484,555)</b>            | <b>3,787,319</b>  | <b>797,632,157</b>  |                   |
| <b>Surplus / (Deficit) for the year</b>                         | <b>139,071,384</b>             | <b>-</b>                       | <b>11,243</b>   | <b>139,082,627</b>  |                   |
| <b>CASH FLOW STATEMENT</b>                                      |                                |                                |   |   |                   |
|   | 2017<br>previously<br>reported | 2017<br>previously<br>reported | Reclassifi-<br>cations  | Prior period<br>errors /<br>Change in<br>accounting<br>policy | 2017 restated     |
| Net cash from<br>operating activities                           | 208,526,266                    | (1,658,293)                    | 4,971,927   | -   | 211,839,900       |
| Net cash from<br>investing activities                           | (145,201,497)                  | (2,078,250)                    | 1,655,029   | (68,411,879)  | (214,036,597)     |
| Net cash from<br>financing activities                           | 6,008,311                      | -                              | (2,890,414)   | -   | 3,117,897         |
| Total cash<br>movement for the<br>year                          | 69,333,080                     | (3,736,543)                    | 3,736,542   | (68,411,879)  | 921,200           |
| Cash and cash<br>equivalents at the<br>beginning of the<br>year | 348,009,376                    | -                              | -   | (297,397,349)   | 50,612,027        |
|   | <b>417,342,456</b>             | <b>(3,736,543)</b>             | <b>3,736,542</b>  | <b>(365,809,228)</b>  | <b>51,533,227</b> |

The correction of the error(s) and reclassifications are as follows:

**44.1 Correction of Error 1 - Unbundling of Electricity Infrastructure**

It was discovered that the completeness of the electricity infrastructure were suspect, based on completeness and classification. First the classification of the assets in the asset register were revisited, after which the unbundling was reperformed. Cost adjustments were based on deemed cost and the depreciation was recalculated. The accounting entries of this correction were as follow:

**Mossel Bay Municipality**  
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**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**44. Prior period errors and reclassifications (continued)**

| <b>Affected line items</b>           | <b>2017</b>      |
|--------------------------------------|------------------|
| Property, plant and equipment        | 1,095,546        |
| Accumulated surplus - 2017           | (2,441,665)      |
| Accumulated surplus - 2016 and prior | 3,537,212        |
| Depreciation and amortisation        | 2,441,665        |
|                                      | <b>4,632,758</b> |

**44.2 Correction of Error 2 - Unbundling of Infrastructure Assets**

The Municipality unbundle assets based on the final bill of quantity, the as built plans and the completion certificates of the projects. All of these documents were only received after the finalisation of the audit of the previous year. Based on the completion certificate dates, the unbundling had to be treated as correction of errors. The accounting entries of this correction were as follow:

| <b>Affected line items</b>                | <b>2017</b>        |
|---|--------------------|
| Property, plant and equipment             | (3,742,808)        |
| Accumulated surplus - 2017                | (2,545,283)        |
| Accumulated surplus - 2016 and prior      | (1,197,525)        |
| Gain / (loss) on de-recognition of Assets | (263,569)          |
| Depreciation and amortisation             | 2,281,714          |
|   | <b>(5,467,471)</b> |

**44.3 Correction of Error 3 - Traffic Lights**

During the unrests in June 2018, the traffic lights at the Dana Bay entrance were damaged. On inspection of the asset register, to perform an impairment on the assets, it was discovered that none of the traffic lights were in the capital asset register. The traffic lights are under the control of the Municipality, it was however initially installed by the Provincial Administration. A verification took place and all the traffic lights were identified and tested for completeness, those not found were brought into the asset register at fair value. The accounting entries of this correction were as follow:

| <b>Affected line items</b>                        | <b>2017</b>      |
|---|------------------|
| Property, plant and equipment                     | 1,193,719        |
| Accumulated surplus - 2017                        | 218,403          |
| Accumulated surplus - 2016 and prior              | 975,316          |
| Public Contributions, donated and contributed PPE | 425,900          |
| Depreciation and amortisation                     | 207,497          |
|   | <b>3,020,835</b> |

**44.4 Correction of Error 4 - Reactivate Assets**

During the asset count for the 2018 financial year 7 assets were found that were previously disposed, these assets were reactivated. The accounting entries of this correction were as follow:

| <b>Affected line items</b>           | <b>2017</b>   |
|--------------------------------------|---------------|
| Property, plant and equipment        | 37,449        |
| Accumulated surplus - 2017           | (2,576)       |
| Accumulated surplus - 2016 and prior | 40,024        |
| Depreciation and amortisation        | 2,575         |
|                                      | <b>77,472</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**44. Prior period errors and reclassifications (continued)**

**44.5 Correction of Error 5 - First time recognition of Vesting Properties**

As part of ensuring the completeness of the asset register, it was found that various vesting properties (Land) were not in the asset register. In order to ensure completeness of the asset register all confirmed properties were brought into the records. The accounting entries of this correction were as follow:

| Affected line items                  | 2017              |
|--------------------------------------|-------------------|
| Property, plant and equipment        | 24,898,200        |
| Investment Property                  | 4,411,100         |
| Accumulated surplus - 2016 and prior | 29,309,300        |
|                                      | <u>58,618,600</u> |

**44.6 Correction of Error 6 - Finance Leases**

When making the final payment on the computer leases for loan numbers 13 and 14, it was discovered that the first payment was upfront in terms of the contract, whilst the amortisation tables were calculated as if the payments were in arrears. The accounting entries of this correction were as follow:

| Affected line items                  | 2017           |
|--------------------------------------|----------------|
| Finance lease liability              | (35,688)       |
| Accumulated surplus - 2017           | 4,005          |
| Accumulated surplus - 2016 and prior | 31,683         |
| Finance costs                        | (4,005)        |
|                                      | <u>(4,005)</u> |

**44.7 Correction of Error 7 - Water inventory**

Although water was treated as inventory in the past, the calculation of cost of sales and the classification thereof were totally different. The accounting and technical treatment of water inventory were aligned with water balancing report guideline of DWAF. The accounting entries of this correction were as follow:

| Affected line items                | 2017             |
|------------------------------------|------------------|
| Inventory                          | (24,670)         |
| Accumulated surplus - 2017         | (24,670)         |
| Rental of facilities and equipment | (42,649)         |
| Gain on de-recognition of assets   | 4,030            |
| Employee related cost              | (4,841,418)      |
| Depreciation and amortisation      | (1,553,125)      |
| Contracted services                | (353,347)        |
| Inventories losses / write downs   | 4,996,597        |
| Cost of sales / Inventory consumed | 2,923,615        |
| General expenses                   | (1,186,271)      |
|                                    | <u>(101,908)</u> |



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|   | 2018<br>R | 2017<br>R                  |
|---|-----------|----------------------------|
| <b>44. Prior period errors and reclassifications (continued)</b>  |           |                            |
| <b>44.8 Correction of Error 8 - Clearing of Alien Vegetation Provision</b>  |           |                            |
| During the audit process the Auditor General found that no provision for the clearing of alien vegetation is required for the backlog that exists and that the back log clearing is an ongoing activity.                                      |           |                            |
| <b>Affected line items</b>  |           | <b>2017</b>                |
| Non-current provisions  |           | (23,645,474)               |
| Current Provisions  |           | (1,100,000)                |
| Accumulated surplus - 2016 and prior  |           | 24,745,474                 |
|   |           | <u>-</u>                   |
| <b>44.9 Correction of Error 9 - Asset register reconciliation with general ledger</b>   |           |                            |
| During the finalisation of work under construction and the transfers of assets from one asset class to another, the accounting entries inbetween the control accounts were incorrect whilst the treatment in the asset register were correct. |           |                            |
| <b>Affected line items</b>  |           | <b>2017</b>                |
| Property, Plant and Equipment   |           | (34,411)                   |
| Investment Property   |           | 34,411                     |
|   |           | <u>-</u>                   |
| <b>44.10 Correction of Error 10 - Intangible assets shown as Property, plant and equipment</b>  |           |                            |
| The software of the VM solution that was purchased in 2014 were incorrectly added to the VM hardware assets.  |           |                            |
| <b>Affected line items</b>  |           | <b>2017</b>                |
| Property, Plant and Equipment   |           | (164,520)                  |
| Intangible assets   |           | 164,520                    |
|   |           | <u>-</u>                   |
| <b>44.11 Correction of Error 11 - Various erven added to the asset register</b>   |           |                            |
| During the 2018 audit the Auditor General found that Mossel Bay Municipality's application of substance-over-form regarding the contingent assets as mentioned in note 55 are wrong and should be de-recognised.                              |           |                            |
| <b>Affected line items</b>  |           | <b>2017</b>                |
| Property, Plant and Equipment   |           | (9,244,818)                |
| Investment property   |           | (32,960,000)               |
| Accumulated surplus - 2016 and prior  |           | (42,204,818)               |
|   |           | <u><b>(84,409,636)</b></u> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**45. Changes in accounting policy**

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standard.

Split of Investments (Refer Note 14 - Short term Investments & Note 15 - Cash and Cash Equivalents)

All Investments is classified as either Non-Current Investments, Short-term Investments or Cash and cash equivalents. Non-Current Investments is investments made for a period longer than 12 months, whilst those invested for a period of longer than 3 months but shorter than 12 months is classified as Short-term Investments. Recognition and classification is made at inception of the investment by management. All other call deposits, 32 notice deposits or other forms investments not longer than 3 months is classified as cash and cash equivalents together with the current bank balance. This is classified as a change in accounting policy and is retrospectively applied.

**Statement of financial position**

| Affected line items       | 2017<br>R     |
|---------------------------|---------------|
| Short term Investments    | 365,809,228   |
| Cash and Cash equivalents | (365,809,228) |
|                           | -             |

**46. Change in accounting estimates**

Changes in Useful lives (Refer Note 3 - PPE & Note 5 - Intangible assets)

The Municipality has reassessed the useful lives of PPE and Intangible assets and residual values of property, plant and equipment which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

| Movement in depreciation and amortisation        | 2018<br>R          | 2019<br>R      | 2020<br>R        | 2021<br>R      |
|--|--------------------|----------------|------------------|----------------|
| Before change in estimate                        | (4,620,325)        | (1,857,164)    | (723)            | (721)          |
| After change in estimate                         | 2,550,101          | 2,746,357      | 2,283,282        | 960,532        |
| <b>Net effect (Decrease) / Increased charges</b> | <b>(2,070,224)</b> | <b>889,193</b> | <b>2,282,559</b> | <b>959,811</b> |

**47. Comparison with budget**

| Reconciliation of budget surplus / (deficit) with the surplus / (deficit) in the Statement of Financial Performance: | 2017<br>R           |
|--|---------------------|
| Net surplus / (deficit) per the statement of financial performance   | (103,583,365)       |
| Net surplus / (deficit) as per approved budget   | 40,422,470          |
| <b>Variance to be explained (refer to Statement of Comparison of Budget and Actual amounts for detail)</b>           | <b>(63,160,895)</b> |

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2017 to 30 June 2018. The budget information is therefore on a comparable basis to the actual amounts.

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|   | 2018<br>R          | 2017<br>R          |
|---|--------------------|--------------------|
| <b>47. Comparison with budget (continued)</b> |                    |                    |
| <b>Expenditure per VOTE: OPERATIONAL</b>      | <b>Budget:</b>     | <b>Actuals:</b>    |
| Municipal Manager & Executive Council         | 38,282,249         | 37,533,460         |
| Corporate Services                            | 73,881,210         | 72,808,742         |
| Financial Services                            | 48,582,621         | 47,565,435         |
| Technical Services                            | 452,433,857        | 435,156,958        |
| Community Services                            | 220,997,902        | 176,788,517        |
| Development and Planning                      | 152,073,146        | 107,315,636        |
|   | <b>986,250,985</b> | <b>877,168,748</b> |
|   |                    | <b>109,082,237</b> |

**Detail of Material Variances:**

Municipal Manager: The underspending was mainly due to savings on Audit fees for the year under review.

Corporate Services: The underspending was mainly due to savings on Telephone costs and IT related expenses.

Financial Services: The underspending was mainly due to savings on Third Party insurance costs, collection costs and Employee related funds not spent due to vacant positions.

Technical Services: The underspending was due to the fact that budgeted Water Treatment plant expenses was transferred to Inventory costs on the Balance sheet as well as fewer debt impairment costs.

Community Services: The underspending is mainly due to the provision to debt impairment that was not necessary due to better collection of fines and refuse removal charges.

Development & Planning: The underspending is due to the underspending on Housing topstructure projects. A request for the roll-over of these grant funds was sent to the Provincial Department in order to spend these funds in the new financial year.

|                                       |                    |                    |                   |
|---------------------------------------|--------------------|--------------------|-------------------|
| <b>Expenditure per VOTE: CAPITAL</b>  | <b>Budget:</b>     | <b>Actual:</b>     | <b>Variance:</b>  |
|                                       | <b>R</b>           | <b>R</b>           | <b>R</b>          |
| Municipal Manager & Executive Council | 606,608            | 604,802            | 1,806             |
| Corporate Services                    | 8,734,045          | 6,223,083          | 2,510,962         |
| Financial Services                    | 1,219,700          | 708,021            | 511,679           |
| Technical Services                    | 71,759,039         | 69,661,302         | 2,097,737         |
| Community Services                    | 15,892,150         | 16,692,520         | (800,370)         |
| Development and Planning              | 54,782,991         | 43,946,698         | 10,836,293        |
|                                       | <b>152,994,533</b> | <b>137,836,426</b> | <b>15,158,107</b> |

**Detail of Material Variances:**

Corporate Services: The underspending was due to the RSEP/SEIF funding for Business Beehives project which was only received in March and April 2018. It was not possible to complete all SCM processes in such a short timeframe.

Technical Services: The underspending was due to a delay with the shipment of the equipment as it was imported and it arrived in South Africa on 31 July 2018.

Community Services: The overspending of R800 370 under the Community Services vote in the 2017/18 year is due to the recognition of Landfill site asset as per the report by management expert on the Provision for the Rehabilitation of Landfill sites. The increase in the asset is due to the increase in the rehabilitation area.

Development & Planning: The underspending was caused by the delay of the contractor's services that was terminated due to poor performance. A new contractor was appointed to complete the human settlements project. The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**

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|  | <b>2018</b>  | <b>2017</b>  |
|--|--------------|--------------|
|  | <b>R</b>     | <b>R</b>     |
| <b>48. Utilisation of Long-term liabilities reconciliation</b> |              |              |
| Long-term liabilities raised (Refer note 16)                   | 33,887,371   | 31,099,759   |
| Finance lease obligation (Refer note 17)                       | 18,876       | 244,552      |
| Used to finance property, plant and equipment                  | (33,906,247) | (31,344,311) |
|  | -            | -            |

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See Note 15).

**49. Unauthorised expenditure**

**Reconciliation of unauthorised expenditure**

|  |                |                  |
|--|----------------|------------------|
| Opening balance  | 4,560,182      | 41,644           |
| Unauthorised expenditure current year                  | 800,370        | 4,560,182        |
| Approved by council or condoned                        | (4,560,182)    | (41,644)         |
| Transfer to receivables for recovery - not condoned    | -              | -                |
| <b>Unauthorised expenditure awaiting authorisation</b> | <b>800,370</b> | <b>4,560,182</b> |

The overspending of R800 370 under the Community Services vote in the 2017/18 year is due to the recognition of Landfill site asset as per the report by management expert on the Provision for the Rehabilitation of Landfill sites. The increase in the asset is due to the increase in the rehabilitation area.

The overspending of R4 560 182 under the Corporate Services vote in the 2016/17 year is due to donated assets recognised which was not budgeted for. Assets donated includes the creche building in Wolwedans and the Youth Centre building. The overspending was condoned by Council.

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|   | 2018<br>R         | 2017<br>R     |
|---|-------------------|---------------|
| <b>50. Irregular expenditure</b>                  |                   |               |
| <b>Reconciliation of irregular expenditure</b>    |                   |               |
| Opening balance                                   | 53,489            | 216,563       |
| Irregular expenditure current year                | 22,392,436        | 53,489        |
| Condoned or written off by Council                | -                 | (216,563)     |
| Recovered   | -                 | -             |
| To be recovered - contingent asset                | -                 | -             |
| <b>Irregular expenditure awaiting condonement</b> | <b>22,445,925</b> | <b>53,489</b> |

**2018**

**Incident**

Unclear /Vague reasons for deviations during the financial year was identified by the Municipality to the value of R 156 024.

The Auditor General identified and concluded that procurement that did not comply with local production and content requirements for the 2017/2018 and that it constitutes irregular expenditure to the value of R 2 336 534.

The Municipality revisited the whole population for compliance with local production and content requirements and identified possible additional irregular expenditure to the value of R 12 779 179.

The Auditor General identified and concluded that the non-compliance with awarding of the B-BBEE points as a result of sub contracting constitutes irregular expenditure to the value of R 6 791 365.

The Auditor General concluded that splitting of an order constitutes irregular expenditure to the value of R 294 699, although the repairs made was caused by two separate incidents of storm damage to two different beaches staircases.

The Auditor General concluded that the misallocation of costs on invoice 730INV0001929 by Mubesko Africa cc constitute irregular expenditure to the value of R 34 635.

**Disciplinary steps/criminal proceedings**

Was reported to the Accounting Officer and is taken to the Disciplinary Board Committee for investigation.

To be reported to Accounting Officer and Disciplinary board Committee for further investigation.

To be reported to Accounting Officer and Disciplinary board Committee for further investigation.

To be reported to Accounting Officer and Disciplinary board Committee for further investigation.

To be reported to Accounting Officer and Disciplinary board Committee for further investigation.

To be reported to Accounting Officer and Disciplinary board Committee for further investigation.

**2017**

**Incident**

No extension of Contract approved for Tender 30-16/17. Amount of R11 090.40 overspent on contract amount.

Audit work performed on procurement revealed that the reasons supplied for the approval of two deviations were not in accordance with legislative prescripts. This relates to the Design and Print of Calendars and T-Shirts to the amount of R30 559.98 and R11838.60 respectively.

**Disciplinary steps/criminal proceedings**

Was reported to the Accounting officer and is taken to the Disciplinary Board Committee for investigation.

**51. Fruitless and wasteful expenditure**

**Reconciliation of fruitless and wasteful expenditure**

|  |          |          |
|--|----------|----------|
| Opening balance  | -        | -        |
| Fruitless and wasteful expenditure current year                | -        | -        |
| Condoned or written off by Council                             | -        | -        |
| To be recovered - contingent asset                             | -        | -        |
| <b>Fruitless and wasteful expenditure awaiting condonement</b> | <b>-</b> | <b>-</b> |

**Mossel Bay Municipality**  
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|   | 2018<br>R    | 2017<br>R    |
|---|--------------|--------------|
| <b>52. Additional disclosure in terms of Municipal Finance Management Act</b> |              |              |
| <b>Contributions to SALGA</b>   |              |              |
| Opening balance   | -            | -            |
| Current year subscription / fee   | 2,620,819    | 2,346,040    |
| Amount paid - current year  | (2,620,819)  | (2,346,040)  |
| Amount paid - previous years  | -            | -            |
|   | -            | -            |
| <b>Audit fees</b>   |              |              |
| <b>External audit fees</b>  |              |              |
| Opening balance   | -            | -            |
| Current year fee  | 4,247,093    | 3,602,078    |
| Amount paid - current year  | (4,247,093)  | (3,602,078)  |
| Amount paid - previous years  | -            | -            |
|   | -            | -            |
| <b>Internal audit fees</b>  |              |              |
| Current year fee  | 1,331,753    | 1,078,337    |
| Amount paid - current year  | (1,331,753)  | (1,078,337)  |
|   | -            | -            |
| <b>PAYE and UIF</b>   |              |              |
| Opening balance   | -            | -            |
| Current year payroll deductions   | 33,044,188   | 28,271,925   |
| Amount paid - current year  | (33,044,188) | (28,271,925) |
| Amount paid - previous years  | -            | -            |
|   | -            | -            |
| <b>Pension, Provident and medical aid contributions, Group insurance</b>      |              |              |
| Opening balance   | -            | -            |
| Current year payroll deductions and council contributions                     | 79,100,280   | 66,754,145   |
| Amount paid - current year  | (79,100,280) | (66,754,145) |
| Amount paid - previous years  | -            | -            |
|   | -            | -            |
| <b>VAT</b>  |              |              |
| VAT receivable  | 10,896,467   | 8,071,252    |

All VAT returns have been submitted by the due date throughout the year.

**Mossel Bay Municipality**  
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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**52. Additional disclosure in terms of Municipal Finance Management Act (continued)**

**Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June, 2018:

| 30 June, 2018 | Outstanding<br>less than 90<br>days<br>R | Outstanding<br>more than 90<br>days<br>R | Total<br>R   |
|---------------|--|--|--------------|
| ME Furness    | 2,427                                    | 193                                      | 2,620        |
| A Dellemijn   | 868                                      | 69                                       | 937          |
|               | <b>3,295</b>                             | <b>262</b>                               | <b>3,557</b> |
| 30 June, 2017 | Outstanding<br>less than 90<br>days<br>R | Outstanding<br>more than 90<br>days<br>R | Total<br>R   |
| None          | -  | -  | -            |

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

| 30 June, 2018 | Highest<br>outstanding<br>amount | Aging<br>(in days) |
|---------------|----------------------------------|--------------------|
| ME Furness    | 1,707                            | 90                 |
| A Dellemijn   | 69                               | 90                 |
| 30 June, 2017 | Highest<br>outstanding<br>amount | Aging<br>(in days) |
| ME Furness    | 65                               | 90                 |

**Supply chain management regulations**

Non-compliance with Chapter 11 of the MFMA

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

**Types of deviations**

|  |                   |                   |
|--|-------------------|-------------------|
| Sole Supplier  | 5,345,087         | 14,956,309        |
| Emergency  | 5,613,394         | 2,701,876         |
| Acquisition of special works of art or historical objects where specifications are difficult to compile. | 935               | -                 |
| Exceptional case and it is impractical or impossible to follow the official procurement process          | 23,157,049        | 10,896,022        |
| Expansions and Variations  | -                 | 422,755           |
|  | <b>34,116,465</b> | <b>28,976,962</b> |

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|   |  |               | 2018<br>R  | 2017<br>R |
|---|--|---------------|--|-----------|
| <b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>   |  |               |  |           |
| <b>Awards above R 2 000 made to persons in service of the state and / or their close family members</b>   |  |               |  |           |
| The following are awards above R 2 000 made to persons in service of the state and close family members of persons in the service of the state: |  |               |  |           |
| <b>Quotations</b>   |  |               |  |           |
| <b>Quotation</b>  | <b>Awarded to</b>                        | <b>Amount</b> | <b>Relation</b>  |           |
| <b>Awards to persons in service of State</b>  |  |               |  |           |
| Property Valuations   | Boland Valuers                           | 32,533        | In service of state at Bree Rivier Municipality according the Central Supplier Database  |           |
| Festival events   | Mossel Bay Tourism                       | 751,269       | The Municipal Manager and two councillors are board members of the Tourism council (Adv Thys Gilliomee, Ms. Venolea Fortuin and Mr. Mark Furness)  |           |
| Financial Consultancy   | LJ BRUWER                                | 208,194       | Was employed by Mossel Bay Municipality within the past 12 months  |           |
| Various   | PNB Civils                               | 820,173       | The owner of the company was previously employed by Mossel Bay Municipality  |           |
| <b>Awards to close family members of persons in service of state</b>  |  |               |  |           |
| Vehicle repairs   | AA Swanepoel t/a Swannies Auto Clinic    | 52,069        | They declared that one of their family members is employed by SAPS   |           |
| Repair paving   | AM Cunha t/a 4 K Bouers                  | 8,500         | The owner of the company has a relative in the Mossel Bay Municipality (Heinrich Ohlson)   |           |
| Supply and install paving   | Andries Pikaan Construction (Pty) Ltd    | 68,838        | The owner of the company is employed by Department of Health George  |           |
| Paint work  | BL Construction                          | 40,300        | The owner is the brother of an employee of Mossel Bay Municipality   |           |
| Various   | Brenda Cuhna Construction                | 30,100        | The owner of the company has a relative in the Mossel Bay Municipality (Heinrich Ohlson)   |           |
| Fencing   | C5 Algemene Sweiswerke                   | 137,850       | The owner of the company has a relative in the Mossel Bay Municipality (Heinrich Ohlson)   |           |
| Prepaid Meters  | Conlog (Pty) Ltd                         | 176,741       | Directors have numerous family members working for State Departments, They also indicated that one Director was in service of the state but, it was not within the previous twelve month |           |
| Water sample testing  | Drs.Dietrich Voigt Mia & Partners        | 60,364        | They declared that they have a family member in service of the state   |           |
| Various   | Electronic Services                      | 18,378        | The owner is the son in law of one of the employees of Mossel Bay Municipality (E Stipp)   |           |
| Various   | Gibb (Pty) Ltd                           | 103,222       | They declared that some of their family members are employed by the State  |           |
| Clean run-off Joe Slovo   | Gouws NE Transport                       | 24,995        | Spouse of the owner is an employee at Mossel Bay Municipality (H Pongolo)  |           |
| Various   | GRJ Construction & Maintenance (Pty) Ltd | 263,433       | The owners wife is employed by Mossel Bay Municipality (Rowena Hendricks)  |           |



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|   |  |         | 2018<br>R        | 2017<br>R  |
|---|--|---------|------------------|--|
| <b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b> |  |         |                  |  |
| Legal services  | Japie C Barnard Attorneys                        | 25,043  |                  | Spouse of the owner is working at Department of Education                                |
| Various   | Jose Cunha Construction                          | 200,390 |                  | The owner of the company has a relative in the Mossel Bay Municipality (Heinrich Ohlson) |
| Training  | Leanco Bussiness Services & Training Centre CC   | 15,500  |                  | The spouse of the owner is a councilor at George Municipality                            |
| Botanical assessment  | Mark Barry Environmental Consultants             | 32,000  |                  | The spouse of the owner is employed by National Protection Agency                        |
| Vehicle spares  | Prima Part                                       | 2,628   |                  | The owner is the mother of one Mossel Bay Municipal official (V Basson)                  |
| Clamps strain   | Starlight Wholesal Electrical Supplies (Pty) Ltd | 10,920  |                  | Has a relative in service of the state at the Forensic Department                        |
| Various   | Volts and Welds                                  | 54,542  |                  | The owner is the cousin of an employee of Mossel Bay Municipality (Pieter Myburgh)       |
|   |  |         | <b>3,137,982</b> |  |

**Tenders**

| Tender   | Awarded to                            | Amount    | Relation  |
|--|---------------------------------------|-----------|---|
| <b>Awards to persons in service of State</b>                         |                                       |           |   |
| SLA 1 JULY 2017  | Mossel Bay Tourism                    | 2,873,449 | The Municipal Manager and two councillors are board members of the Tourism council (Adv Thys Gilliomee, Ms. Venolea Fortuin and Mr. Mark Furness) |
| 26-17/18   | PNB Civils                            | 529,662   | The owner of the company was previously employed by Mossel Bay Municipality   |
| <b>Awards to close family members of persons in service of state</b> |                                       |           |   |
| 100-16/17  | A2 Loodgieters                        | 591,727   | Spouse of the owner is working for the Department of Correctional Services  |
| 22-17/18   | A2 Loodgieters                        | 1,899,124 | Spouse of the owner is working for the Department of Correctional Services  |
| 24-17/18   | Aurecon South Africa (George)         | 317,750   | Aurecon has numerous family members working for State Departments, but none of their Directors has any family members in service of the State     |
| 4-16/17  | Japie C Barnard Attorneys             | 17,654    | Spouse of the owner is working at Department of Education   |
| 44-17/18   | A2 Loodgieters                        | 466,686   | Spouse of the owner is working for the Department of Correctional Services  |
| 45-17/18   | A2 Loodgieters                        | 745,244   | Spouse of the owner is working for the Department of Correctional Services  |
| 45-17/18   | BDE Consulting Engineers (Pty) Ltd)   | 104,698   | The father of one of the Directors is employed at Oudtshoorn Municipality   |
| 45-17/18   | Gibb (Pty) Ltd                        | 319,369   | They declared that some of their family members are employed by the State   |
| 52-16/17   | SMEC South Africa (Pty) Ltd           | 2,842,784 | The daughter of an employee of Mossel Bay Municipality works for SMEC (Pieter Myburgh)  |
| 7-17/18  | AA Swanepoel t/a Swannies Auto Clinic | 128,308   | They declared that one of their family members is employed by SAPS  |

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|   |  |                   | 2018<br>R   | 2017<br>R |
|---|--|-------------------|---|-----------|
| <b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b> |  |                   |   |           |
| 78-15/16  | 3rd Generation Trading                   | 3,826             | Spouse of the Director works at PetroSA   |           |
| 80-16/17  | Gouws NE Transport                       | 204,160           | Spouse of the owner is an employee at Mossel Bay Municipality (H Pongolo)   |           |
| 90-16/17  | Japie C Barnard Attorneys                | 20,900            | Spouse of the owner is working at Department of Education   |           |
| 99-13/14  | Aurecon South Africa (George)            | 6,181,887         | Aurecon has numerous family members working for State Departments, but none of their Directors has any family members in service of the State |           |
| 99-13/14  | SMEC South Africa (Pty) Ltd              | 87,066            | The daughter of an employee of Mossel Bay Municipality works for SMEC (Pieter Myburgh)  |           |
| C08-06/16   | Philencia Jacobs                         | 800               | The owner declared that her husband is employed by George Hospital  |           |
| C13-11/17   | Philencia Jacobs                         | 2,300             | The owner declared that her husband is employed by George Hospital  |           |
| C20-01/18   | GRJ Construction & Maintenance (Pty) Ltd | 2,500             | The owners wife is employed by Mossel Bay Municipality (Rowena Hendricks)   |           |
| P03-07/17   | C5 Algemene Sweiswerke                   | 31,578            | The owner of the company has a relative in the Mossel Bay Municipality (Heinrich Ohlson)  |           |
| T47-03/17   | 3rd Generation Trading                   | 9,289             | Spouse of the Director works at PetroSA   |           |
| T83-16/17   | Ikapa Reticulation and Flow              | 1,311,000         | They declared that one of the Directors wife is employed by Department of Western Cape Education  |           |
|   |  | <b>18,691,761</b> |   |           |

The transactions are concluded in full compliance with the Supply Chain Management Policy of the Council and the transactions are considered to be at arms length.

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|   | 2018<br>R        | 2017<br>R        |
|---|------------------|------------------|
| <b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b> |                  |                  |
| <b>Levies paid to other government organisations</b>                                      |                  |                  |
| Skills Development Fund Levy  | 2,185,097        | 1,958,886        |
| Bargaining Council Levy   | 97,210           | 87,375           |
|   | <b>2,282,307</b> | <b>2,046,261</b> |

**Material losses**

**Electricity distribution losses**

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| Units purchased (kWh)                | 305,969,140 | 303,930,017 |
| Units lost during distribution (kWh) | 21,742,419  | 27,353,644  |
| Percentage lost during distribution  | 7.11 %      | 9.00 %      |

These losses are due to technical losses on the distribution system (transformers, cables, overhead lines), faulty meters, theft and vandalism.

**Water distribution losses**

|                                      |         |         |
|--------------------------------------|---------|---------|
| Mega litres purified                 | 7,485   | 7,993   |
| Mega litres lost during distribution | 762     | 1,234   |
| Percentage lost during distribution  | 10.18 % | 15.44 % |

These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.

**53. Commitments**

**Authorised capital expenditure**

**Already approved and contracted for**

|                  |                   |                    |
|------------------|-------------------|--------------------|
| • Infrastructure | 42,971,844        | 98,703,160         |
| • Community      | 11,512,196        | 2,058,782          |
| • Other          | -                 | -                  |
|                  | <b>54,484,040</b> | <b>100,761,942</b> |

**Approved but not yet contracted**

|                  |          |          |
|------------------|----------|----------|
| • Infrastructure | -        | -        |
| • Community      | -        | -        |
| • Other          | -        | -        |
|                  | <b>-</b> | <b>-</b> |

**Total capital commitments will be financed from**

|                                 |                   |                    |
|---------------------------------|-------------------|--------------------|
| Capital replacement reserve     | 21,042,188        | 37,609,024         |
| Government grants               | 33,441,852        | 63,152,918         |
| Public contributions / donation | -                 | -                  |
|                                 | <b>54,484,040</b> | <b>100,761,942</b> |

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**54. Related parties**

Parties are considered to be related if:

- One party has the ability to control the other party; or
- Exercise significant influence over the other party in making financial and operating decisions.

**Related party transactions**

**Awards to persons in service of State**

|                    |           |           |
|--------------------|-----------|-----------|
| Mossel Bay Tourism | 3,624,718 | 2,960,977 |
|--------------------|-----------|-----------|

The Municipal Manager and two councillors are board members of the Tourism Council (Adv Thys Gilliomee, Ms Venolea Fortuin and Mr Mark Furness).

|  | Rates and<br>service<br>charges | Outstanding<br>balance |
|--|---------------------------------|------------------------|
| <b>Year ended 30 June 2018</b>             |                                 |                        |
| Councillors                                | 388,974                         | 3,556                  |
| Municipal Manager and Section 57 Personnel | 81,043                          | -                      |
| Municipal entities                         | -                               | -                      |
| <b>Year ended 30 June 2017</b>             |                                 |                        |
| Councillors                                | 307,141                         | -                      |
| Municipal Manager and Section 57 Personnel | 74,986                          | -                      |
| Municipal entities                         | -                               | -                      |

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The transactions are concluded in full compliance with the Supply Chain Management policy of the Council and the transactions are considered to be at arms length.

**Joint Venture - Jointly controlled asset**

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility.

The Municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

Title and ownership of the Desalination facility shall vest in the Municipality and PetroSA proportional to their respective funding contributions.

**Related Party Loans**

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

**Compensation of key management personnel**

The compensation of key management personnel is set out in Notes 33 and 34.

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**55. Contingencies**

**Contractual disputes**

Below is a list of possible liability claims where the outcome was unknown at 30 June 2018 with the maximum unforeseen liability for the Municipality:

|  | 2018               | 2017               |
|--|--------------------|--------------------|
| Allandale and Others v Mossel Bay Municipality: claim for flood damages.   | 16,516,054         | 16,516,054         |
| Stonetrade Trust v Mossel Bay Municipality: claim with regard to Mid-Income housing.   | 64,220,976         | 64,220,976         |
| Belstow Technologies v Mossel Bay Municipality: claim for the cancellation of the contract for Traffic cameras.  | 6,679,588          | 6,679,588          |
| Attpower (Pty) Ltd v Mossel Bay Municipality: claim based on the so-called breach of contract.   | 83,849,227         | 83,849,227         |
| Delict JF van Niekerk and Other v Mossel Bay Municipality: letter of demand was received from 53 registered owners in the Municipal Jurisdiction who were affected by the landslip in the Seemeeu Park residential area. | 125,000,000        | -                  |
| A summons was received for a public liability claim which should not be settled with the insurance brokers. Damages due to injuries is claimed.  | 1,338,746          | 1,338,746          |
|  | <b>297,604,591</b> | <b>172,604,591</b> |

**Guarantees of employees housing loans**

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans.

This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases.

Note: Council has received the funds on one of the guarantees, but are awaiting confirmation of cancellation of the guarantee.

|  | 2018   | 2017   |
|--|--------|--------|
| The maximum amount of the guarantees to which council has a right to recovery. | 24,285 | 24,285 |

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|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**55. Contingencies (continued)**

**Other contingent liabilities**

There is currently four disputes under arbitration and conciliations between the municipality and employees. There is also one labour court matter. The outcome, timing and amounts of these cases are not available.

Garden Route District Municipality and Mossel Bay Municipality reached an agreement for the transfer of Erf 12406 Mossel Bay ( $\pm 1\,188\text{m}^2$ ) from Mossel Bay Municipality to Garden Route District Municipality as it is utilised by Garden Route District Municipality Health Services as offices.

The Garden Route District Municipality will be responsible for all costs related to the transfer of Erf 12406 Mossel Bay.

Council approved the transfer of Erf 6271 (a portion of Erf 4940) Hartenbos with an additional 2m, resulting in a further  $84\text{m}^2$  of the property to Provincial Department of Transport and Public Works which they will use for the extension of the southern boundary line of the Hartenbos Clinic.

The Provincial Department of Transport and Public Works be responsible for all surveying, subdivision and registration costs.

Council approved the release and alienation of twenty seven erven situated in Tarka as well as 9 erven situated on a portion of Erf 2003, Extension 6, Mossel Bay to the claimant households at fifty percent of the market related purchase price of R3 948 800, since it is not required for basic municipal purposes, in settlement of the Tarka Community Land claim

**Contingent assets**

The Municipality is currently in a dispute with Eden District Municipality regarding ownership of Erven 264 and 271, Reebok. If Mossel Bay Municipality succeeds in the dispute it will lead to the properties being added to their asset register.

Garden Route District Municipality and Mossel Bay Municipality reached an agreement for the transfer of following erven to Mossel Bay Municipality, as these properties are utilised for local municipal purposes:

Erf 118 Herbertsdale ( $542\text{m}^2$ ), Erf 488 Tergniet ( $5\,499\text{m}^2$ ), Erf 76 ( $2\,230\text{m}^2$ ), Erf 77 ( $2\,230\text{m}^2$ ) and Erf 78 Little Brak River ( $1.4211\text{ha}$ ), Erf 238 Little Brak River ( $1.5026\text{ha}$ ), Erf 99 Glentana ( $4.7057\text{ha}$ ), Erf 1040 Little Brak River ( $6\,500\text{m}^2$ ) and a portion of Portion 2 of the farm Hoogekraal No.238 ( $\pm 4.8\text{ha}$ ).

Mossel Bay Municipality will be responsible for the transfer costs.

The municipality is currently investigating possible fraudulent activities. The outcome of this investigation will determine whether there is irregular expenditure.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|   | 2018<br>R          | 2017<br>R          |
|---|--------------------|--------------------|
| <b>56. Financial instruments disclosure</b>                   |                    |                    |
| <b>Categories of financial instruments</b>                    |                    |                    |
| <b>Financial assets</b>                                       |                    |                    |
| <b>Short-term investment deposits</b>                         |                    |                    |
| Short-term investment deposits                                | 5,003,562          | 35,337,048         |
| <b>Bank balances and cash</b>                                 |                    |                    |
| Bank balances   | 9,326,904          | 16,177,119         |
| Cash on hand  | 19,060             | 19,060             |
| <b>Long-term receivables</b>                                  |                    |                    |
| Staff Loans/Recoveries  | 10,297             | 12,208             |
| Bursary Obligations   | 189,631            | 140,460            |
| Sporting and Other Bodies                                     | 5,909              | 47,070             |
| Housing Selling Schemes                                       | 626,837            | 950,660            |
| <b>Receivables from exchange transactions</b>                 |                    |                    |
| Electricity   | 34,684,946         | 31,960,673         |
| Water   | 20,828,944         | 13,121,027         |
| Sewerage  | 4,374,088          | 3,669,925          |
| Refuse  | 3,432,836          | 2,806,229          |
| Land sales  | 754                | 2,161              |
| Housing selling schemes                                       | 11,625             | 740,440            |
| Housing rental  | 6,769              | 29,694             |
| Other (Merchandising, Jobbing, Contracts and Service charges) | 9,326,338          | 6,487,018          |
| <b>Other receivables from non-exchange transactions</b>       |                    |                    |
| Government grants and subsidies                               | 128,834            | 128,834            |
| Other   | 1,251,186          | 820,361            |
|   | <b>89,228,520</b>  | <b>112,449,987</b> |
| <b>Financial liabilities</b>                                  |                    |                    |
| <b>Long term liabilities</b>                                  |                    |                    |
| Long term loan  | 33,842,799         | 30,993,649         |
| Local registered stock loans                                  | 44,572             | 106,110            |
| <b>Lease liability</b>  |                    |                    |
| Finance lease obligation                                      | 18,876             | 244,552            |
| <b>Payables from exchange transactions</b>                    |                    |                    |
| Trade payables  | 59,716,613         | 73,226,839         |
| Retentions  | 10,401,799         | 9,652,329          |
| Other   | 10,500,987         | 2,501,093          |
| <b>Unspent conditional grants and receipts</b>                |                    |                    |
| Unspent conditional grants and receipts                       | 36,772,905         | 37,963,298         |
| <b>Cash and cash equivalents</b>                              |                    |                    |
|   | <b>151,298,551</b> | <b>154,687,870</b> |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**56. Financial instruments disclosure (continued)**

**Methods and assumptions are used to determine the fair value / amortised cost of each class of financial instrument**

Cash and Cash Equivalents: The carrying amount approximates the fair value due to the relatively short-term nature of these financial assets.

Trade and Other receivables / payables: The carrying amount of trade and other receivables (net of provision for debt impairment) / payables approximates fair value due to the relatively short-term nature of these assets / liabilities.

Long-term Receivables / payables: Subsequent to initial recognition, interest bearing borrowings and receivables are stated at amortised cost. Fixed interest rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market-related interest rates at the reporting date.

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus. There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

Increase in interest rates: The effect of a 1% increase in interest rate would have the following effect:

**Net effect on surplus (Financial assets minus financial liabilities)**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Financial assets      | 892,285          | 1,124,500        |
| Financial liabilities | (1,512,986)      | (1,546,879)      |
|                       | <b>(620,701)</b> | <b>(422,379)</b> |

**57. Risk management**

**Financial risk management**

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises three types of risks, which is currency risk, interest rate risk and other prices risk.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Notes to the Annual Financial Statements**

|  | 2018<br>R | 2017<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

**57. Risk management (continued)**

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the Municipality's investment policy. These limits are reviewed annually by the CFO and authorised by Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are put on auxiliary.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Liquidity risk is the risk that the Municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the Municipality are backed by appropriate assets and it has adequate liquid resources. Council has an approved Long-term financial plan which brought policies and procedures in place to monitor the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

**Exposure to financial risks**

Financial assets exposed to credit and interest rate risk at year end were as follows:

|   |                   |                    |
|---|-------------------|--------------------|
| <b>Financial instrument</b>                           |                   |                    |
| Long term receivables                                 | 832,674           | 1,150,398          |
| Receivables from exchange transactions                | 72,666,300        | 58,817,167         |
| Receivables from non-exchange transactions            | 1,380,020         | 949,195            |
| Cash and cash equivalents                             | 14,349,526        | 51,533,227         |
| <b>Maximum credit and interest rate risk exposure</b> | <b>89,228,520</b> | <b>112,449,987</b> |

**58. Events after the reporting date**

Provincial administration is planning to transfer previously classified provincial controlled roads to Mossel Bay Municipality. The estimated value is R40 million and includes the roads at Friemersheim.

Due to poor performance and cancellation of a contract relating to a Housing project, an agreement was reached after reporting date between Mossel Bay Municipality and the service provider for settlement to the value of R1.3 million.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Supplementary Information**

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**1. Segmental Statement of Financial Performance: GFS Classification**

**2018**

| <b>Segment</b>              | <b>Actual Income</b> | <b>Actual expenditure</b> | <b>Surplus / (deficit)</b> |
|-----------------------------|----------------------|---------------------------|----------------------------|
| Community & Social Services | 8,633,057            | (21,711,858)              | (13,078,801)               |
| Corporate services          | 128,833,961          | (111,381,143)             | 17,452,818                 |
| Electricity                 | 427,689,204          | (310,888,919)             | 116,800,285                |
| Environmental Protection    | -                    | (5,536,584)               | (5,536,584)                |
| Executive & Council         | 57,808,072           | (49,654,623)              | 8,153,449                  |
| Housing                     | 38,008,850           | (16,408,523)              | 21,600,327                 |
| Other                       | 106,539              | (4,355,924)               | (4,249,385)                |
| Planning & Development      | 11,134,060           | (20,572,756)              | (9,438,696)                |
| Public Safety               | 8,652,659            | (63,063,022)              | (54,410,363)               |
| Road Transport              | 16,410,314           | (56,670,792)              | (40,260,478)               |
| Sport and Recreation        | 7,777,953            | (41,835,714)              | (34,057,761)               |
| Water                       | 139,167,028          | (67,913,975)              | 71,253,053                 |
| Waste Water Management      | 136,530,405          | (107,174,914)             | 29,355,491                 |
|                             | <b>980,752,102</b>   | <b>(877,168,747)</b>      | <b>103,583,355</b>         |

**2017**

| <b>Segment</b>              | <b>Actual Income</b> | <b>Actual expenditure</b> | <b>Surplus / (deficit)</b> |
|-----------------------------|----------------------|---------------------------|----------------------------|
| Community & Social Services | 19,108,254           | (20,170,122)              | (1,061,868)                |
| Corporate services          | 117,982,879          | (71,110,104)              | 46,872,775                 |
| Electricity                 | 411,719,577          | (310,899,288)             | 100,820,289                |
| Environmental Protection    | -                    | (4,020,787)               | (4,020,787)                |
| Executive & Council         | 52,295,267           | (21,715,327)              | 30,579,940                 |
| Housing                     | 26,833,136           | (18,221,501)              | 8,611,635                  |
| Other                       | 202,000              | (4,402,289)               | (4,200,289)                |
| Planning & Development      | 8,698,374            | (18,303,755)              | (9,605,381)                |
| Public Safety               | 26,192,266           | (64,178,422)              | (37,986,156)               |
| Road Transport              | 16,437,339           | (50,180,053)              | (33,742,714)               |
| Sport and Recreation        | 7,206,560            | (39,875,958)              | (32,669,398)               |
| Water                       | 132,199,228          | (66,637,507)              | 65,561,721                 |
| Waste Water Management      | 117,839,903          | (107,917,046)             | 9,922,857                  |
|                             | <b>936,714,783</b>   | <b>(797,632,159)</b>      | <b>139,082,624</b>         |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June, 2018**  
**Supplementary Information**

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**2. Segmental Statement of Financial Performance: Municipal Department Classification**

|                                 | <b>Actual Income</b> | <b>Actual Expenditure</b> | <b>Surplus / (deficit)</b> |
|---------------------------------|----------------------|---------------------------|----------------------------|
| <b>2018</b>                     |                      |                           |                            |
| Corporate Services              | 3,177,192            | (72,808,742)              | (69,631,550)               |
| Community Services              | 100,515,498          | (176,788,517)             | (76,273,019)               |
| Technical & Electrical Services | 630,025,004          | (435,156,958)             | 194,868,046                |
| Financial Services              | 156,676,630          | (47,565,435)              | 109,111,195                |
| Municipal Manager               | 22,739,916           | (37,533,460)              | (14,793,544)               |
| Planning & Integrated Services  | 67,617,861           | (107,315,636)             | (39,697,775)               |
|                                 | <b>980,752,101</b>   | <b>(877,168,748)</b>      | <b>103,583,353</b>         |
|                                 |                      |                           |                            |
|                                 | <b>Actual Income</b> | <b>Actual Expenditure</b> | <b>Surplus / (deficit)</b> |
| <b>2017</b>                     |                      |                           |                            |
| Corporate Services              | 10,648,295           | (29,699,506)              | (19,051,211)               |
| Community Services              | 110,063,778          | (164,737,293)             | (54,673,515)               |
| Technical & Electrical Services | 602,322,760          | (448,363,198)             | 153,959,562                |
| Financial Services              | 144,360,301          | (23,238,451)              | 121,121,850                |
| Municipal Manager               | 21,312,327           | (31,795,414)              | (10,483,087)               |
| Planning & Integrated Services  | 48,007,323           | (99,798,296)              | (51,790,973)               |
|                                 | <b>936,714,784</b>   | <b>(797,632,158)</b>      | <b>139,082,626</b>         |

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2018**

**APPENDIX A**

| <b>SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018</b> |                                  |                     |                   |                                |                                   |   |                                      |                                |                              |  |
|--|----------------------------------|---------------------|-------------------|--------------------------------|-----------------------------------|---|--------------------------------------|--------------------------------|------------------------------|--|
| <b>External loans</b>                                | <b>Institution</b>               | <b>Loan number</b>  | <b>Redeemable</b> | <b>Balance at 30 June 2017</b> | <b>Received during the period</b> | <b>Redeemed / written off during the period</b> | <b>Unamortised discount on loans</b> | <b>Balance at 30 June 2018</b> | <b>Carrying value of PPE</b> | <b>Other costs in accordance with the MFMA</b> |
| <b>STOCK LOANS</b>                                   |                                  |                     |                   | R                              | R                                 | R   |                                      | R                              | R                            | R  |
| Stock loan @ 15.00%                                  | Mosselbaai Bowling club          | 1/2002/03           | 2018/03/07        | 61 539                         |                                   | 61 539  |                                      | -                              | -                            | -  |
| Stock loan @ 12.00%                                  | Boggomsbaai Golf club            | 2/2003/04           | 2018/10/31        | 30 714                         |                                   |   |                                      | 30 714                         | -                            | -  |
| Stock loan @ 12.00%                                  | Hartenbos Tennisklub             | 1/2003/04           | 2018/09/18        | 13 857                         |                                   |   |                                      | 13 857                         | -                            | -  |
| <b>Total stock loans</b>                             |                                  |                     |                   | <b>106 110</b>                 | <b>-</b>                          | <b>61 539</b>                                   | <b>-</b>                             | <b>44 571</b>                  | <b>-</b>                     | <b>-</b>                                       |
| <b>LONG-TERM LOANS</b>                               |                                  |                     |                   |                                |                                   |   |                                      |                                |                              |  |
| DBSA loan R30m                                       | Development Bank of South Africa | 1/2012/02           | 2027/06/30        | 20 000 000                     |                                   | 2 000 000                                       |                                      | 18 000 000                     | -                            | -  |
| ABSA loan R4.8m                                      | ABSA Bank                        | 03-8723-1321        | 2026/07/01        | 4 493 649                      |                                   | 340 402   |                                      | 4 153 247                      |                              |  |
| ABSA loan R6.5m                                      | ABSA Bank                        | 03-8723-1322        | 01/07/2027        | 6 500 000                      |                                   | 410 448   |                                      | 6 089 552                      |                              |  |
| Nedbank loan R5.6m                                   | Nedbank                          | 057831035273/000001 | 01/07/2028        | -                              | 5 600 000                         | -   |                                      | 5 600 000                      |                              |  |
| <b>Total long-term loans</b>                         |                                  |                     |                   | <b>30 993 649</b>              | <b>5 600 000</b>                  | <b>2 750 850</b>                                | <b>-</b>                             | <b>33 842 799</b>              | <b>-</b>                     | <b>-</b>                                       |
|  |                                  |                     |                   |                                |                                   |   |                                      |                                |                              |  |
| <b>TOTAL EXTERNAL LOANS</b>                          |                                  |                     |                   | <b>31 099 759</b>              | <b>5 600 000</b>                  | <b>2 812 389</b>                                | <b>-</b>                             | <b>33 887 370</b>              | <b>-</b>                     | <b>-</b>                                       |

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# **Oudit Committee Report 2018**

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**Mossel Bay  
Municipality**

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# **MOSSEL BAY MUNICIPALITY**

## **Report of the Audit and Performance Audit Committee for the year ended 30 June 2018**

### **Recommended to be included in Annual Report**

The Audit and Performance Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Municipal Finance Management Act, 2003 (No.56) of (MFMA), the committee assists the Council.

#### **1. Terms of Reference**

Audit Committee Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance Management; and
- effective Governance.

The Audit and Performance Audit Committee has adopted formal terms of reference (charter) that have been approved by Council and has executed its duties during the past financial year in accordance with these terms of reference.

#### *a) Functions of the Audit Committee*

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted by internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.

- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.
- In addition to above the Audit Committee also performs the function of a performance audit committee. Functions of the Performance Audit Committee In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to –
  - i) review the quarterly reports produced and submitted by the internal audit process;
  - ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
  - iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

## **2. Members of the Audit and Performance Audit Committee**

The Committee consists of three independent non-executive members.

As on 30 June 2018 the Audit and Performance Audit Committee comprises of the following members:

| NAME        | POSITION    | PERIOD                         |
|-------------|-------------|--------------------------------|
| A Dippenaar | Chairperson | 1 July 2017 – 30 June 2018     |
| N van Wyk   | Member      | 1 July 2017 – 30 June 2018     |
| W Pieters   | Member      | 1 July 2017 – 31 December 2017 |
| A Mokoka    | Member      | 1 January 2018 – 30 June 2018  |

The Municipal Manager, the Chief Financial Officer, directors of departments, as requested by the Committee and representatives from the internal auditors attend the committee meetings. The Committee also values the attendance by the Executive Mayor and the Finance Portfolio Councillor. This also served to improve communication between the Committee and Council.

The external and internal auditors have unrestricted access to the Committee

### **3. Meetings**

The Audit and Performance Audit Committee held four meetings during this period. Details of the Committee members attendance at meetings is set out in the table below.

| <b>MEMBER</b> | <b>30 August 2017</b> | <b>28 November 2017</b> | <b>13 March 2018</b> | <b>1 June 2018</b> |
|---------------|-----------------------|-------------------------|----------------------|--------------------|
| A Dippenaar   | Present               | Present                 | Present              | Present            |
| N van Wyk     | Present               | Present                 | Present              | Present            |
| W Pieters     | Present               | Present                 | N/A                  | N/A                |
| A Mokoka      | N/A                   | N/A                     | Present              | Present            |

The Chairperson of the Audit and Performance Audit Committee attended the following additional meetings:

- Meeting with office of Auditor General – 12 September 2017.
- Performance Evaluation Meetings – 14/23 August 2017 and 26 February 2018
- Disciplinary Board – 23 February 2018.

All members of the Audit committee attended a one day training session:

- Audit Committee Training – 22 May 2018

Mr. N van Wyk attended the following additional meetings:

- Risk Management Committee – 19 September 2017, 5 December 2017, 27 March 2018 and 19 June 2018.

### **4. Statutory Duties**

In execution of its statutory duties during the past financial year, the Audit and Performance Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content of auditing of its financial statements, the internal financial controls of the municipality and other related matters.



### *Oversight of risk management*

The committee has received assurance that the process and procedures followed by the internal auditors are adequate to ensure that financial risks are identified and monitored.

“Internal audit performed their planned reviews for the financial year under review.”  
(Final Management Letter AG 23 January 2019)

The committee satisfied itself that the following areas have been appropriately addressed:

- Financial reporting;
- Internal financial controls and
- Fraud risks as it relates to financial reporting and Supply Chain Management.

### *Internal financial controls*

The Committee has:

- reviewed the effectiveness of the municipality's system of internal financial controls, including receiving assurance from management, internal and external audit;
- reviewed the effectiveness of internal controls relating to the SCM system specifically, as it is one of the key fraud risk areas;
- reviewed the municipality's compliance with applicable laws and regulations, including compliance with the SCM regulations and
- reviewed significant issues raised by the internal audit process.

### *Annual financial statements and report as on 30 June 2018*

*The Audit committee has reviewed the annual financial statements for the year that ended 30 June 2018 to ascertain the healthy financial position of the municipality as at aforementioned date. This was also corroborated by the positive liquidity & solvency ratios reported, and the liquidity requirements workings as set out in the Chief financial officer's report (Page 16 of Annual financial statements).*

*The committee was furthermore satisfied with the results of improved efficiency within the municipality. This was witnessed in the outcome of the manner the municipality undertook the implementation of capital programs, Operational Revenue & Expenditure as set out in Chief financial officer's report (Page 9 & 10 of Annual financial statements). The reported under spending was mainly due to the housing project/top structures rather than the inefficiencies by the municipality.*

*The municipality continues to strive to adhere and uphold the relevant and applicable laws and regulatory frameworks, particularly the MFMA, PFMA, DoRA etc. as non-conformation to these laws could impact negatively on our audit. Compliance appeared to be a thorny issue in the financial year under review as the following were in contravention:*

- *Annual financial statements – were not submitted two months after the end of the financial year, as required by section 126(1)(a) of the MFMA*
- *Procurement and contract management – some bid documentation did not stipulate minimum threshold for local production and content, as per Preferential procurement regulation 8(2) of 2017.*

#### *External Audit*

Based on processes followed and assurances received, nothing has come to the attention of the Committee with regard to the external auditor's independence.

#### *Internal Audit*

The Committee has:

- reviewed and recommended the internal audit terms of reference(Charter) for approval;
- evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate;
- satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the Municipality to enable it to discharge its functions;
- approve the internal audit risk based plan; and
- encourage cooperation between external and internal audit.

The head of the internal audit function reported functionally to the Committee and had unrestricted access to all members of the Committee.

#### *Finance Function*

Based on the processes and assurances obtained, the Committee believes the accounting practices are effective.

#### *Performance Management Function*

The Audit and Performance Audit Committee has pleasure in reporting on the performance management, as required by section 14 of the Municipal Planning and Performance Management Act of 2001.

“The municipality has an audit committee which was appointed by council and is not involved in the business operations of the municipality. The audit committee met four times in the year under review to discuss the financial affairs of the municipality and provide feedback on the internal and external auditors root causes identified.” (Final Management Letter 23 January 2019)

The Committee is satisfied that the Mossel Bay municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the performance management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

To ensure compliance of key performance indicators to measure the inputs of processes (economically and efficiently) are determined and compared against set norms/ standards.;

The internal auditors did audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the Committee.

In terms of functionality the Mossel Bay Municipality implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

The accounting officer of the Mossel Bay Municipality did assess the performance of the municipality for the financial year, taking into account the municipality's service delivery performance during the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.

The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its annual performance plan/integrated development plan:

- Consistency: the Mossel Bay Municipality has reported [throughout] on its performance with regard to its objectives/indicators/targets as per the approved annual performance/integrated development plan.

The following targets with regard to the indicators were achieved:

- Specific in clearly identifying the nature and the required level of performance.
- Measurable in identifying the required performance.
- Time bound in specifying the time period or deadline for delivery.
- Relevance: the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. It is specific and measurable, and the time period for delivery was specified.
- Reliability: reported performance information can be traced back to the source data or documentation and the reported performance information is accurate and complete in relation to the source data or documentation.

Formal evaluation of employees that are employed in terms of Section 57 of the Local Government: Municipal Systems Act No 32 of 2000 took place during this period.

In summary it can be noted that the Performance Management System of the Mossel Bay Municipality, the implementation and monitoring of the system is in line with all legislative and functional requirements of the Municipality.

In Summary the Audit and Performance Audit Committee confirms that:

- Sufficient controls are in place to ensure the Municipality utilised their available resources in the most economical, efficient and effective manner in the development of the IDP in setting development priorities and objectives.
- A proper process was followed in the maintenance and update of the Municipality's Performance Management System.
- The Municipality followed the process prescribed in the Performance Management System (PMS) to develop and improve its Key Performance Indicators (KPI's).
- The KPI's in general comply with the relevant statutory requirements.
- The Municipality followed the process prescribed in its PMS to set performance targets.
- The performance targets comply with the relevant requirements.
- The Municipality's actual service delivery process is performance target driven.
- The Municipality monitor its actual progress in terms of a formally documented process.
- The Municipality has followed the internal control procedures as prescribed in the PMS to monitor its performance.
- The Municipality followed the process prescribed in its PMS to measure and report on their performance.
- The Municipality followed the process prescribed in its PMS to revise their strategies and objectives.

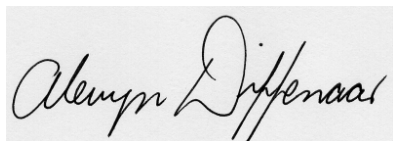
## **5. Conclusion**

The Audit and Performance Audit Committee is pleased with the continued maintenance of a high level of performance.

The Committee values the sound relation with Council and Staff and without compromising on independence, feels that a good relationship is imperative for the smooth functioning of the Committee. The Committee cherishes its role as a watchdog, but also respects the role of Council and Staff to make decisions without interference from the Audit and Performance Audit Committee.

The Council and Management takes a keen interest in the workings of the Committee in order to identify potential problems at an early stage and in such a manner that they can be addressed in time to make it easier to achieve a clean Audit Report and good governance.

On behalf of the Audit and Performance Audit Committee

A handwritten signature in black ink, reading 'ABJ DIPPENAAR', is displayed on a light gray rectangular background.

ABJ DIPPENAAR

8 February 2019